

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, July 22, 2021 at 2 PM
City Hall Conference Room 3C
AGENDA**

1. CALL TO ORDER

2. PUBLIC COMMENT

3. MINUTES

- a. Copy of June 24, 2021 Board of Trustees Minutes; RECOMMENDED ACTION: APPROVAL

4. NEW BUSINESS

- a. GEPP June 2021 and COPP June 2021 Consent; RECOMMENDED ACTION: APPROVAL

5. INVESTMENT AND FINANCIAL MATTERS

- a. June 2021 Investment Performance Update
- b. Proposed Investment Policy Statement (IPS)
- c. Pension Payback Update
- d. Staff Update: Eagle Capital Memo and Fees, Capital Calls and Redemptions, Ongoing SMID Value Search—9/30/21 Proposed Finalist Meeting at 2 PM

6. OLD BUSINESS

7. ADMINISTRATIVE

- a. Limited Retirement Option (LRO) Update, Pension Office Activity
- b. Pension Office Staff Update
- c. Board Rules and Code Clarifications (BRACC) Committee Update: DRAFT Redlined Board Rules

8. INFORMATION

- a. Next regular BOT meeting scheduled for Thursday, August 26, 2021, at 2 PM

9. PRIVILEGE OF THE FLOOR

10. ADJOURNMENT

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
June 24, 2021**

MINUTES

2:00 PM, held in Person in City Hall Conference Room 3C and via Zoom

Members Present

Jeffrey Bernardo, Chair
Julie Bessent
Joey Greive, Vice-Chair
Valerie Gutierrez
Brian Hughes
David Kilcrease, Secretary
Diane Moser
Richard Wallace

Members Not Present

Kristofer Pike

Staff Present

Randall Barnes, Treasurer
Brennan Merrell, Manager of Debt and Investments
John Sawyer, OGC
Tom Stadelmaier, Pension Administrator

Others Present

Jordan Cipriani, RVK (via Zoom)
Kevin Schmidt, RVK (via Zoom)

1. CALL TO ORDER

Chair Bernardo called the meeting to order at about 2:06 PM.

2. PUBLIC COMMENT

None

3. MINUTES

Mr. Greive made a motion to approve the minutes. Ms. Moser seconded the motion. The Chair asked for discussion and there was none. The Chair took a vote and the minutes passed unanimously.

4. NEW BUSINESS

Consent agendas

Mr. Greive made a motion to approve the consent. Ms. Moser seconded the motion. The Chair summoned for discussion. Mr. Stadelmaier briefly reviewed the updates including LRO activity. The Chair took a vote and the consent passed unanimously.

5. INVESTMENT AND FINANCIAL MATTERS

Mr. Merrell briefly covered May performance, which was up about 1% and the Total Fund is valued over \$2.7B. Over the last year the Fund is up 27.91%. MLP's improved in May with oil now in demand. Mr. Schmidt gave a brief update on June, which has been slightly positive overall so far.

Mr. Wallace initiated a discussion on the amount of the Fund allocated to fixed income and Mr. Greive gave his perspective that with more going to private credit less would be allocated to core fixed income. Chair Bernardo commented that the higher the equity allocation the higher the draw-down risk on the Fund.

Mr. Merrell introduced the IPS changes to the Board. Mr. Greive made a motion to accept the revisions. Ms. Moser seconded the motion. The Chair opened discussion. There was a brief discussion on the Florida statute and limits to International Equity exposure. Mr. Sawyer said any international company listed on a US exchange does not count toward international equity exposure and if the Fund is out of compliance and overweight international equity, changes can be made when economically feasible. Chair Bernardo commented that is de-facto no limitation.

Previous submitted comments were reviewed and voted on as revisions. There was a brief discussion on sub-categories and consensus was they caused confusion. Mr. Greive made a motion to modify to remove sub-categories for real estate and diversifying assets. Mr. Kilcrease seconded the motion. The Chair took a vote, and all voted in favor of the revision. Mr. Wallace made a motion to use "Nationally recognized ratings firms" in place of the listed companies. Ms. Moser seconded the motion. The Chair took a vote, and all voted in favor of the revision. For Fixed Income guidelines, Mr. Wallace made a motion to stick with the term "portfolio" over "composite" for simplicity and ease of understanding and Ms. Bessant seconded the motion. The Chair took a vote, and all voted in favor of the revision. Ms. Bessant made a motion to change "shall" to "may" on the 3rd and 4th bullet under diversifying assets and Mr. Greive seconded the motion. The Chair took a vote, and all voted in favor of the revision. Mr. Greive made a motion to strip the naming of indices on the 9th item under diversifying asset guidelines and Ms. Moser seconded the motion. The Chair took a vote, and all voted in favor of the revision.

Hearing no additional discussion points, the Chair took a vote on accepting the changes for final consideration and the motion with revisions passed with all voting in favor.

Mr. Barnes gave an update on the custodian search and explained the role of the provider as a safe keeper of the investment assets and a performance reporting role. Services are provided to both the pension (about 2/3) and the City's operating portfolio (about 1/3). Staff recommends retaining BNYM. Mr. Merrell reported price was key and he detailed the differences among the finalists. Mr. Barnes reported technology was similar for all and we are very pleased with the customer servicing from BYNM even though all providers are excellent and capable. Ms. Moser made a motion to accept the staff recommendation of BYNM and Mr. Kilcrease seconded the motion. The Chair took a vote, and all voted in favor of the motion of continuing with BNYM with a new contract.

Ms. Cipriani gave an update on Eagle's fees and said it was raised to their committee for consideration. Chair Bernardo asked if there were MFN (most favored nation) considerations and Mr. Schmidt said no.

Mr. Merrell gave an update on private market capital calls which included \$700K for Hamilton Lane with the total up to about \$5M now. He also said staff is working with RVK on a SMID Value search as directed by the Board with the plan to bring 3 finalists to a special Board meeting later this year. Total investment will be about \$135M.

6. OLD BUSINESS

NA

7. ADMINISTRATIVE

Mr. Stadelmaier reviewed the LRO reports and Pension Office activity. LRO elections window closes for JEA at the end of the month. Total elections are now over 100. Pension Office activity remains high as well with questions and processing of increased volumes.

Mr. Stadelmaier also updated the Board on Pension Coordinator LizMary Abreu leaving in July as her husband is retiring and they are moving. Ms. Abreu has been a valuable asset to the Pension Office advancing to her current role. Mr. Greive made a motion to authorize the Pension Office to formally recognize her work for the Board and Mr. Hughes seconded the motion. The Chair took a vote and the motion passed with all voting in favor.

BRACC committee will meet prior to the July Board meeting and will provide recommendations to the PAC and the Board regarding rehire rules and other Board rule updates.

8. INFORMATION

The next regular BOT meeting is scheduled for Thursday, July 22, 2021, at 2 PM.

9. PRIVILEGE OF THE FLOOR

None

10. ADJOURNMENT

The Chair adjourned the meeting at about 3:18 PM.

**GENERAL EMPLOYEES PENSION ADVISORY COMMITTEE
FOR THE
BOARD OF PENSION TRUSTEES**

June 2021

CONSENT AGENDA FOR RECOMMENDED BENEFITS

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

1. TIME SERVICE RETIREMENTS

Dawn Barnes, (PA), effective May 22, 2021 in the monthly amount of \$3,494.95 at the rate of 63.13% (25 years, 3 months)

Robert Cook, (PA), effective May 14, 2021 in the monthly amount of \$3,072.09 at the rate of 61.88% (24 years, 9 months)

Velarmina Figuerrez, (Library), effective May 22, 2021 in the monthly amount of \$873.88 at the rate of 28.33% (11 years, 4 months)

Melba Gray, (Finance), effective May 22, 2021 in the monthly amount of \$1,878.86 monthly at the rate of 53.75% (21 years, 6 months) 15% PLOP \$51,400.75

David Roe, (R&E), effective May 29, 2021 in the monthly amount of \$954.14 at the rate of 28.13% (11 years, 3 months) 15% PLOP \$23,630.57

Kariel Scott, (JHA), effective May 1, 2021 in the monthly amount of \$2,435.92 at the rate of 73.93% (29 years, 7 months), 15% PLOP \$48,036.77

James Skulsky, (Library), effective May 22, 2021 in the monthly amount of \$871.53 at the rate of 28.33% (11 years, 4 months)

Larry Squire, (JEA), effective May 8, 2021 in the monthly amount of \$3,104.79 at the rate of 62.5% (25 years), 10% PLOP \$69,539.08

Anthony Tice, (P&R), effective May 14, 2021 in the monthly amount of \$1,178.10 (minimum benefit) at the rate of 50.42% (20 years, 2 months) with a 29% reduction for early retirement, 15% PLOP \$40,729.11

Thomas Varnadore, (PW), effective May 22, 2021 in the monthly amount of \$4,128.60 at the rate of 75.63% (30 years, 3 months)

John Wright, II, (ITD), effective June 5, 2021 in the monthly amount of \$1,131.53 at the rate of 16.46% (6 years, 7 months)

James Yeager, (JEA), effective June 5, 2021 in the monthly amount of \$7,470.48 at the rate of 80% (32 years), 36 months Backdrop \$279,530.89

2. LRO TIME SERVICE RETIREMENTS

Shamarr Anderson, (PW), effective June 5, 2021 in the monthly amount of \$1,295.91 at the rate of 45.33% (22 years, 8 months), 15% PLOP \$47,933.24

Roger Bottoms, (Fleet), effective May 22, 2021 in the monthly amount of \$1,519.51 at the rate of 42.71% (17 years, 1 month), 5% PLOP \$16,077.17

Curry Brown, (PW), effective June 5, 2021 in the monthly amount of \$1,178.10 at the rate of 40% (20 years), 15% PLOP \$46,586.65

John Campbell, (PW), effective May 22, 2021 in the monthly amount of \$883.58 at the rate of 38.13% (15 years, 3 months), 15% PLOP \$26,499.08

Tony Fountain, (PW), effective April 10, 2021 in the monthly amount of \$343.43 at the rate of 15.21% (6 years, 1 month), 15% PLOP \$9,937.34

Larry Lee, (JEA), effective May 22, 2021 in the monthly amount of \$2,747.06 at the rate of 45.63% (18 years, 3 months), 15% PLOP \$85,994.73

Loretta Major, (PWSW), effective June 5, 2021 in the monthly amount of \$2,248.00 at the rate of 41.04% (16 years, 5 months)

Jody McDaniel, (P&D), effective June 5, 2021 in the monthly amount of \$2,533.54 at the rate of 48.96% (19 years, 7 months), 5% PLOP \$19,946.40

Mercedia Myers, (Procurement), effective June 5, 2021 in the monthly amount of \$1,119.20 at the rate of 48.13% (19 years, 3 months), 15% PLOP \$36,126.59

Jeanette Watt, (Clerk of Court), effective May 22, 2021 in the monthly amount of \$1,309.77 at the rate of 42.5% (21 years, 3 months) 10% PLOP \$30,589.59

Charlene West, (JEA), effective May 22, 2021 in the monthly amount of \$981.61 at the rate of 25.63% (10 years, 3 months), 15% PLOP \$28,501.22

3. VESTED RETIREMENTS

New Commencements

None

New Deferrals

None

4. SURVIVOR BENEFITS

Shirley Hastings, (Roy Hastings), effective April 17, 2021 in the COLA base amount of \$4,755.05

Carol Napier, (Morris Napier), effective April 19, 2021 in the COLA base amount of \$3,226.24

Leila Young, (James Young), effective May 11, 2021 in the COLA base amount of \$3,456.79

5. RESTORATION OF SURVIVOR BENEFITS

None

6. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

None

6. TIME SERVICE CONNECTIONS COMPLETED

Ricky Benjamin, (PW), 11.27 months in the amount of \$4,824.36

Delphine Brock, (KHA), 7.6 months in the amount of \$2,967.03

John Campbell, (PW), 62 months in the amount of \$17,246.66

William Goodrich, (JEA), 66.03 months in the amount of \$48,974.00

Susan Harnage, (R&E), 120 months in the amount of \$65,696.76

Roy Knight, (JEA), 24.18 months in the amount of \$13,640.90

Bernice Russell, (Mayor's Office), 14 months in the amount of \$20,870.51

Larry Squire, (JEA), 29.37 months in the amount of \$11,531.16

Tony Williams, (P&R), 43.13 months in the amount of \$25,873.83

7. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2000- 624-E (Independent Agency)

None

8. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2003-573-E (Military)

Roy Knight, (JEA), 12 months in the amount of \$16,923.40

Danny Nungester, (JEA), 6.03 months in the amount of \$9,722.44

Stephen Schneider, (ITD), 24 months in the amount of \$39,233.28

Charlene West, (JEA), 24 months in the amount of \$22,933.44

9. REFUNDS

John C Campbell, (PW) 15 years and 3 months, \$2,053.34

Carroll J Reed III, (JSO) 4 years \$10,804.09

John S Wheatley, (JSO) 3 years and 9 months, \$12,781.48

10. DB TO DC TRANSFER

Donald N Wilson (JEA) 11 years and 5 months, \$354,532.42

Donald W Taylor (Finance) 15 years and 8 months \$267,926.24

Timothy P Hartson (JEA) 7 years and 7 months \$191,700.61

Torrance Cox (PWK) 11 years and 4 months \$123120.38

11. OTHER PAYMENTS AND TIME CONNECTIONS

None

12. RE-RETIREE

None

13. DISABILITY

None

PAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:

CORRECTIONAL OFFICERS PENSION ADVISORY COMMITTEE

June 30, 2021

CONSENT AGENDA FOR RECOMMENDED BENEFITS

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

1. TIME SERVICE RETIREMENTS

David Brantley, effective May 8, 2021 in the COLA base amount of \$4,094.18 at the rate of 70% (25 years)

Gloria Ross, effective May 29, 2021 in the COLA base amount of \$3,019.55 at the rate of 60% (20 years)

2. TIME SERVICE CONNECTIONS COMPLETED

Christopher Smith, #67575, 3.13 months in the amount of \$1,571.68

3. REFUNDS

None

4. SURVIVOR BENEFITS APPLICATION

None

5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

None

6. VESTED BENEFIT

None

7. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2003-573-E (Military)

None

8. OFFICERS ENTERING DROP July 2021

Kenneth Brown Sr #5582

Katina Bryant #6014

Steven Farrell #7534

Maximillian Forbrich #7575

Marlania Jackson #7537

Felicia James #7556

Richard Pruett #7391

Christopher Scarpinati #7669

9. Phase II Biweekly Distribution DROP Program

Gloria Ross, \$2,032.42 for 22 pay periods

10. DROP Payments

David Brantley \$261,283.88

Michael Purvis \$10,465.68

Joe T Ramsey \$6,457.20

Equilla Stallworth \$6,022.73

Regina Taylor \$2,800.07

COPAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:



Monthly Investment Performance Analysis

City of Jacksonville Employees' Retirement System

Period Ended: June 30, 2021

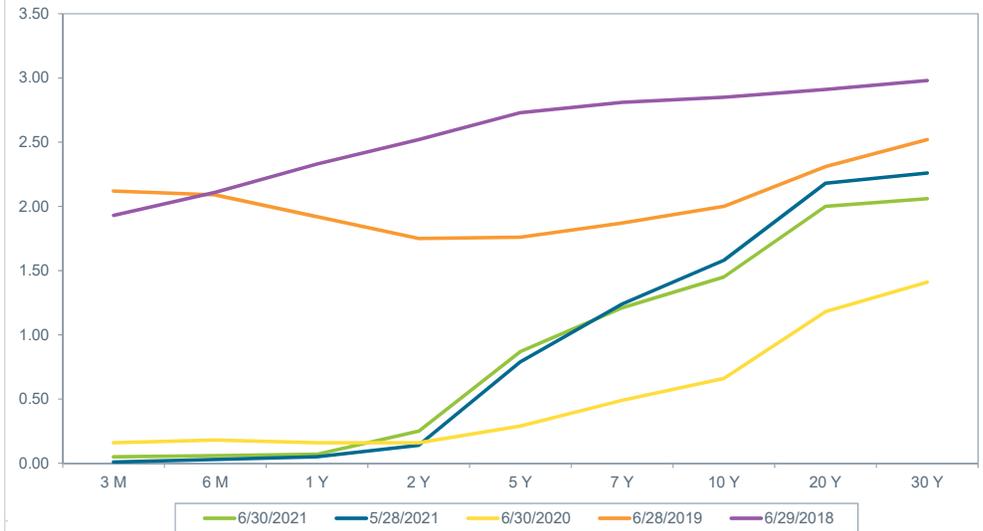


General Market Commentary

- Equity markets finished June with mixed results. US equity markets generally outperformed international equity markets, and growth stocks vastly outperformed value stocks both in the US and abroad. The S&P 500 and technology-heavy Nasdaq Composite finished June at record highs after another consecutive monthly gain.
- Markets reacted positively to the Federal Reserve's announcement that it would begin to slowly wind down its \$13.7 billion corporate bond position it initiated during the height of the COVID-19 pandemic to stabilize investment grade bond markets. However, some uncertainty following the Fed's June meeting limited the upside in the month. While no change in monetary policy was announced, Fed officials now expect to raise rates by the end of 2023.
- Inflation continues to weigh on investors' minds as the Consumer Price Index (CPI) increased 5% in May on a year-over-year basis, the largest increase in CPI since August 2008. The 5% increase outpaced economists projections of a 4.7% YoY increase.
- Equity markets posted mixed returns in June as the S&P 500 (Cap Wtd) Index returned 2.33% and the MSCI EAFE (Net) Index returned -1.13%. Emerging markets returned 0.17% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 0.70% in June, outperforming the -0.07% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -2.10%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate, as measured by the FTSE NAREIT Eq REITs Index (TR), returned 2.61% in June and 6.31% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 47.51% for the trailing one-year period and 17.41% for the trailing five-year period ending March 2021.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned 0.30% for the month and 18.07% over the trailing one-year period.
- Crude oil's price increased by 10.78% during the month, and has increased by 87.09% YoY.

| Economic Indicators | Jun-21 | May-21 | Jun-20 | 10 Yr | 20 Yr |
|---|----------|--------|--------|--------|--------|
| Federal Funds Rate (%) | 0.08 ▲ | 0.05 | 0.08 | 0.63 | 1.37 |
| Breakeven Inflation - 5 Year (%) | 2.50 ▼ | 2.60 | 1.17 | 1.74 | 1.83 |
| Breakeven Inflation - 10 Year (%) | 2.34 ▼ | 2.45 | 1.34 | 1.93 | 2.02 |
| Breakeven Inflation - 30 Year (%) | 2.28 ▼ | 2.34 | 1.56 | 2.04 | 2.24 |
| Bloomberg US Agg Bond Index - Yield (%) | 1.50 — | 1.50 | 1.25 | 2.28 | 3.39 |
| Bloomberg US Agg Bond Index - OAS (%) | 0.32 ▲ | 0.30 | 0.68 | 0.51 | 0.61 |
| Bloomberg US Agg Credit Index - OAS (%) | 0.77 ▼ | 0.79 | 1.42 | 1.28 | 1.43 |
| Bloomberg US Corp: HY Index - OAS (%) | 2.68 ▼ | 2.96 | 6.26 | 4.65 | 5.33 |
| Capacity Utilization (%) | 75.38 ▲ | 75.08 | 68.68 | 76.50 | 76.51 |
| Unemployment Rate (%) | 5.9 ▲ | 5.8 | 11.1 | 5.9 | 6.1 |
| PMI - Manufacturing (%) | 60.6 ▼ | 61.2 | 52.2 | 54.0 | 53.1 |
| Baltic Dry Index - Shipping | 3,383 ▲ | 2,596 | 1,366 | 1,153 | 2,319 |
| Consumer Conf (Conf Board) | 127.30 ▲ | 120.00 | 98.30 | 98.26 | 90.48 |
| CPI YoY (Headline) (%) | 5.4 ▲ | 5.0 | 0.6 | 1.8 | 2.1 |
| CPI YoY (Core) (%) | 4.5 ▲ | 3.8 | 1.2 | 2.0 | 2.0 |
| PPI YoY (%) | 9.4 ▲ | 8.7 | -2.3 | 1.3 | 2.1 |
| M2 YoY (%) | N/A | N/A | 13.8 | 22.9 | 7.1 |
| US Dollar Total Weighted Index | 112.85 ▲ | 111.03 | 120.78 | 106.07 | 103.17 |
| WTI Crude Oil per Barrel (\$) | 73 ▲ | 66 | 39 | 67 | 63 |
| Gold Spot per Oz (\$) | 1,770 ▼ | 1,904 | 1,781 | 1,420 | 1,048 |

Treasury Yield Curve (%)



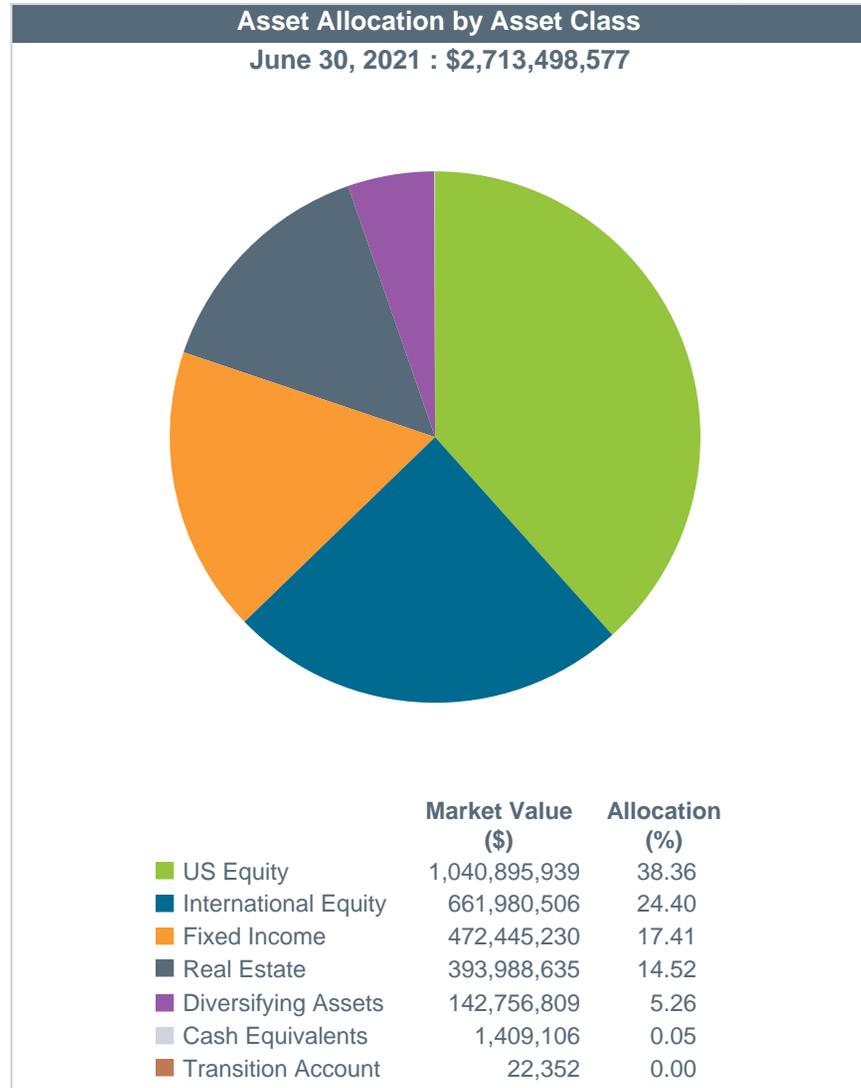
| Treasury Yield Curve (%) | Jun-21 | May-21 | Jun-20 | Jun-19 | Jun-18 |
|--------------------------|--------|--------|--------|--------|--------|
| 3 Month | 0.05 | 0.01 | 0.16 | 2.12 | 1.93 |
| 6 Month | 0.06 | 0.03 | 0.18 | 2.09 | 2.11 |
| 1 Year | 0.07 | 0.05 | 0.16 | 1.92 | 2.33 |
| 2 Year | 0.25 | 0.14 | 0.16 | 1.75 | 2.52 |
| 5 Year | 0.87 | 0.79 | 0.29 | 1.76 | 2.73 |
| 7 Year | 1.21 | 1.24 | 0.49 | 1.87 | 2.81 |
| 10 Year | 1.45 | 1.58 | 0.66 | 2.00 | 2.85 |
| 20 Year | 2.00 | 2.18 | 1.18 | 2.31 | 2.91 |
| 30 Year | 2.06 | 2.26 | 1.41 | 2.52 | 2.98 |

| Market Performance (%) | MTD | QTD | CYTD | 1 Yr | 3 Yr | 5 Yr | 7 Yr | 10 Yr |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| S&P 500 (Cap Wtd) | 2.33 | 8.55 | 15.25 | 40.79 | 18.67 | 17.65 | 14.10 | 14.84 |
| Russell 2000 | 1.94 | 4.29 | 17.54 | 62.03 | 13.52 | 16.47 | 11.39 | 12.34 |
| MSCI EAFE (Net) | -1.13 | 5.17 | 8.83 | 32.35 | 8.27 | 10.28 | 4.96 | 5.89 |
| MSCI EAFE SC (Net) | -1.65 | 4.34 | 9.04 | 40.98 | 8.40 | 12.03 | 7.75 | 8.38 |
| MSCI EM (Net) | 0.17 | 5.05 | 7.45 | 40.90 | 11.27 | 13.03 | 6.35 | 4.29 |
| Bloomberg US Agg Bond | 0.70 | 1.83 | -1.61 | -0.34 | 5.34 | 3.03 | 3.28 | 3.39 |
| ICE BofAML 3 Mo US T-Bill | 0.00 | 0.00 | 0.02 | 0.09 | 1.34 | 1.17 | 0.87 | 0.63 |
| NCREIF ODCE (Gross) | 3.93 | 3.93 | 6.12 | 8.02 | 5.52 | 6.57 | 8.40 | 9.60 |
| FTSE NAREIT Eq REITs Index (TR) | 2.61 | 12.02 | 21.96 | 38.02 | 10.10 | 6.31 | 8.39 | 9.41 |
| HFRI FOF Comp Index | 0.30 | 2.68 | 4.75 | 18.07 | 6.25 | 6.09 | 4.06 | 3.84 |
| Bloomberg Cmdty Index (TR) | 1.85 | 13.30 | 21.15 | 45.61 | 3.90 | 2.40 | -4.13 | -4.44 |

NCREIF performance is reported quarterly; MTD and QTD returns are shown as "N/A" on interim-quarter months and until available. Data shown is as of most recent quarter-end. Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service.

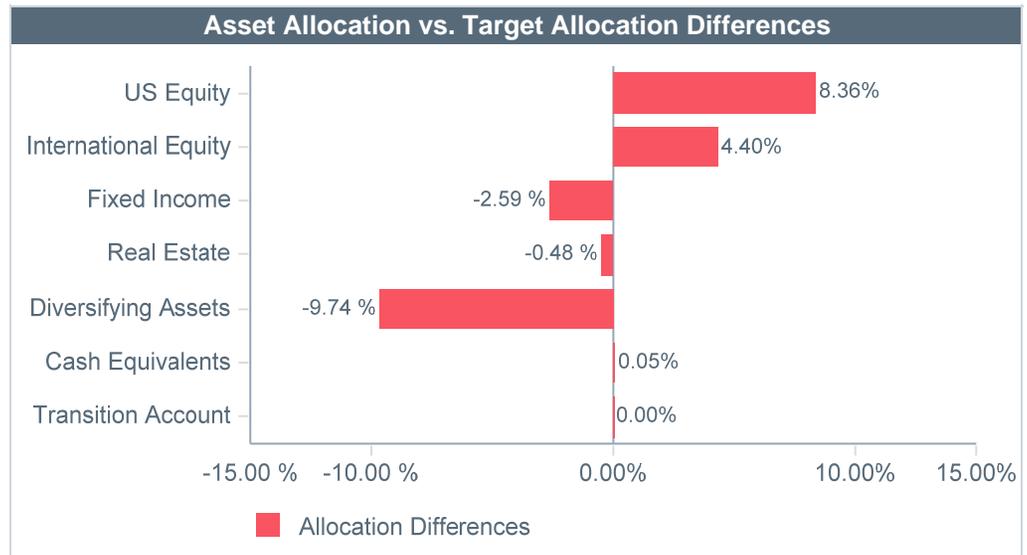


Asset Allocation by Asset Class, Asset Allocation vs. Target, and Schedule of Investable Assets



Asset Allocation vs. Target Allocation

| | Market Value (\$) | Allocation (%) | Min (%) | Target (%) | Max (%) |
|----------------------|----------------------|----------------|----------|---------------|----------|
| Total Fund | 2,713,498,577 | 100.00 | - | 100.00 | - |
| US Equity | 1,040,895,939 | 38.36 | 20.00 | 30.00 | 40.00 |
| International Equity | 661,980,506 | 24.40 | 10.00 | 20.00 | 25.00 |
| Fixed Income | 472,445,230 | 17.41 | 10.00 | 20.00 | 30.00 |
| Real Estate | 393,988,635 | 14.52 | 0.00 | 15.00 | 20.00 |
| Diversifying Assets | 142,756,809 | 5.26 | 0.00 | 15.00 | 20.00 |
| Cash Equivalents | 1,409,106 | 0.05 | 0.00 | 0.00 | 10.00 |
| Transition Account | 22,352 | 0.00 | 0.00 | 0.00 | 0.00 |



Schedule of Investable Assets

| Periods Ending | Beginning Market Value (\$) | Net Cash Flow (\$) | Gain/Loss (\$) | Ending Market Value (\$) | % Return |
|----------------|-----------------------------|--------------------|----------------|--------------------------|----------|
| CYTD | 2,469,519,078 | 1,106,156 | 242,873,343 | 2,713,498,577 | 9.83 |

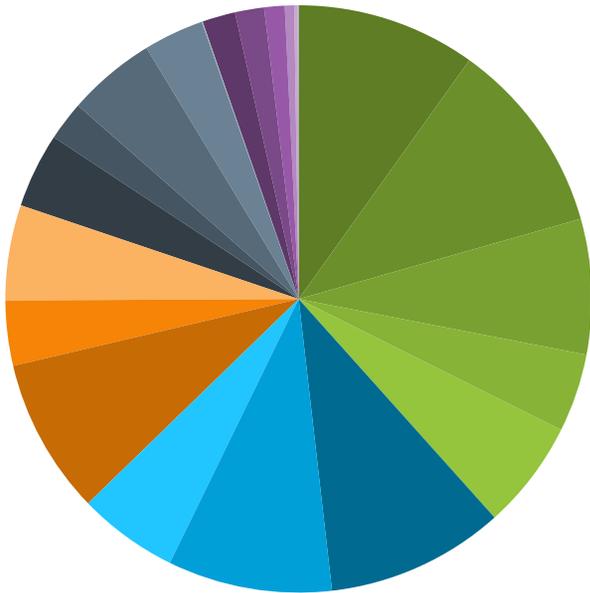
Market values and performance shown are preliminary and subject to change. Performance shown is net of fees. Allocations shown may not sum up to 100% exactly due to rounding.



City of Jacksonville Employees' Retirement System
Asset Allocation By Manager

As of June 30, 2021

June 30, 2021 : \$2,713,498,577



| | Market Value (\$) | Allocation (%) |
|---|-------------------|----------------|
| Eagle Capital Large Cap Value (SA) | 268,491,074 | 9.89 |
| Mellon Large Cap Core Index (CF) | 290,416,096 | 10.70 |
| Loomis Sayles Large Cap Growth (CF) | 202,126,958 | 7.45 |
| Mellon Small Cap Value Index (CF) | 116,982,299 | 4.31 |
| Pinnacle Associates US SMID Cap Growth (SA) | 162,879,511 | 6.00 |
| Silchester International Value (CF) | 266,422,888 | 9.82 |
| Baillie Gifford International Growth (BGEFX) | 245,810,335 | 9.06 |
| Acadian Emerging Markets (CF) | 149,747,284 | 5.52 |
| Baird Core Fixed Income (SA) | 233,023,397 | 8.59 |
| Franklin Templeton Global Multisector Plus (CF) | 97,070,940 | 3.58 |
| Loomis Sayles Multisector Full Discretion (CF) | 142,350,894 | 5.25 |
| Harrison Street Core Property, LP | 111,656,349 | 4.11 |
| PGIM Real Estate PRISA II LP (CF) | 58,687,371 | 2.16 |
| Principal US Property (CF) | 132,284,933 | 4.88 |
| UBS Trumbull Property (CF) | 90,029,206 | 3.32 |
| Vanguard RE Idx;ETF (VNQ) | 1,330,776 | 0.05 |
| Harvest Fund Advisors MLP (SA) | 49,557,631 | 1.83 |
| Tortoise Capital Advisors MLP (SA) | 43,482,776 | 1.60 |
| Hancock Timberland (SA) | 30,604,373 | 1.13 |
| Adams Street Private Equity (SA) | 14,157,892 | 0.52 |
| Hamilton Lane Private Credit (SA) | 4,954,137 | 0.18 |
| Dreyfus Gvt Csh Mgt;Inst (DGCXX) | 1,409,106 | 0.05 |
| Transition Account | 22,352 | 0.00 |

Market values shown are preliminary and subject to change. Allocations shown may not sum up to 100% exactly due to rounding.



City of Jacksonville Employees' Retirement System
 Asset Allocation & Performance (Net of Fees)

As of June 30, 2021

| | Allocation | | Performance (%) | | | | | | | | | | |
|---------------------------------|----------------------|---------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| | Market Value (\$) | % | MTD | QTD | CYTD | FYTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Incep. | Inception Date |
| Total Fund | 2,713,498,577 | 100.00 | 1.31 | 5.43 | 9.83 | 22.21 | 27.29 | 10.39 | 10.94 | 7.97 | 9.13 | 6.89 | 07/01/1999 |
| Current Total Fund Policy Index | | | 1.83 | 6.50 | 11.08 | 22.48 | 25.83 | 10.11 | 9.93 | 7.65 | 8.64 | 6.37 | |
| Difference | | | -0.52 | -1.07 | -1.25 | -0.27 | 1.46 | 0.28 | 1.01 | 0.32 | 0.49 | 0.52 | |
| Total Equity | 1,702,876,445 | 62.76 | 1.53 | 6.63 | 13.89 | 34.63 | 44.56 | 15.72 | 16.42 | 11.42 | 11.96 | 7.40 | 07/01/1999 |
| US Equity | 1,040,895,939 | 38.36 | 1.67 | 7.41 | 16.88 | 38.24 | 47.91 | 18.50 | 17.85 | 13.41 | 14.00 | 7.95 | 07/01/1999 |
| US Equity Index | | | 2.47 | 8.24 | 15.11 | 32.01 | 44.16 | 18.73 | 17.89 | 13.95 | 14.70 | 7.86 | |
| Difference | | | -0.80 | -0.83 | 1.77 | 6.23 | 3.75 | -0.23 | -0.04 | -0.54 | -0.70 | 0.09 | |
| International Equity | 661,980,506 | 24.40 | 1.30 | 5.44 | 9.54 | 29.40 | 39.61 | 11.42 | 14.20 | 8.00 | 8.31 | 6.93 | 07/01/1999 |
| International Equity Index | | | -0.65 | 5.48 | 9.16 | 27.73 | 35.72 | 9.38 | 11.08 | 5.33 | 5.45 | 4.74 | |
| Difference | | | 1.95 | -0.04 | 0.38 | 1.67 | 3.89 | 2.04 | 3.12 | 2.67 | 2.86 | 2.19 | |
| Fixed Income | 472,445,230 | 17.41 | 0.52 | 2.19 | -0.36 | 1.19 | 1.97 | 4.29 | 3.49 | 2.64 | 3.42 | 5.15 | 07/01/1999 |
| Fixed Income Index | | | 0.73 | 1.96 | -1.15 | 0.13 | 1.12 | 5.64 | 3.18 | 3.39 | 3.47 | 4.89 | |
| Difference | | | -0.21 | 0.23 | 0.79 | 1.06 | 0.85 | -1.35 | 0.31 | -0.75 | -0.05 | 0.26 | |
| Real Estate | 393,988,635 | 14.52 | 0.75 | 2.18 | 3.60 | 3.65 | 3.93 | 3.68 | 5.20 | 6.87 | 7.59 | 5.39 | 12/01/2005 |
| NCREIF ODCE Index (AWA) (Net) | | | 3.72 | 3.72 | 5.68 | 6.84 | 7.13 | 4.61 | 5.63 | 7.44 | 8.60 | 5.94 | |
| Difference | | | -2.97 | -1.54 | -2.08 | -3.19 | -3.20 | -0.93 | -0.43 | -0.57 | -1.01 | -0.55 | |
| Diversifying Assets | 142,756,809 | 5.26 | 2.86 | 12.53 | 25.39 | 41.78 | 34.81 | 1.14 | 2.19 | -0.95 | 5.58 | 5.68 | 03/01/2011 |
| Diversifying Assets Index | | | 3.44 | 13.27 | 29.17 | 46.97 | 32.81 | 1.39 | 1.82 | -0.32 | 3.67 | 3.59 | |
| Difference | | | -0.58 | -0.74 | -3.78 | -5.19 | 2.00 | -0.25 | 0.37 | -0.63 | 1.91 | 2.09 | |

Market values and performance shown are preliminary and subject to change. Performance shown is net of fees and is annualized for periods greater than one year. Allocations may not sum up to 100% due to the exclusion of managers in liquidation. Please see the addendum for custom benchmark definitions. Fiscal year for the COJ ends 09/30. Performance for Harrison Street Core Property, LP, PGIM Real Estate PRISA II LP (CF), UBS Trumbull Property (CF), NCREIF ODCE Index (AWA) (Net), NCREIF Timberland Index, and Adams Street, LP is available quarterly; interim months assume a 0.00% return. Asset Valuations for Real Estate and Diversifying Assets are lagged/unlagged as reported by the System's book of record, BNY Mellon.



City of Jacksonville Employees' Retirement System
Asset Allocation & Performance (Net of Fees)

As of June 30, 2021

| | Allocation | | Performance (%) | | | | | | | | | | |
|---|--------------------|--------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| | Market Value (\$) | % | MTD | QTD | CYTD | FYTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Incep. | Inception Date |
| US Equity | | | | | | | | | | | | | |
| Eagle Capital Large Cap Value (SA) | 268,491,074 | 9.89 | -0.10 | 8.90 | 20.75 | 45.04 | 54.46 | 18.50 | 19.10 | 14.32 | 15.09 | 12.00 | 02/01/2007 |
| Russell 1000 Val Index | | | -1.15 | 5.21 | 17.05 | 36.07 | 43.68 | 12.42 | 11.87 | 9.41 | 11.61 | 7.23 | |
| Difference | | | 1.05 | 3.69 | 3.70 | 8.97 | 10.78 | 6.08 | 7.23 | 4.91 | 3.48 | 4.77 | |
| Mellon Large Cap Core Index (CF) | 290,416,096 | 10.70 | 2.50 | 8.53 | 14.93 | 30.56 | 42.89 | N/A | N/A | N/A | N/A | 21.98 | 05/01/2019 |
| Russell 1000 Index | | | 2.51 | 8.54 | 14.95 | 30.69 | 43.07 | 19.16 | 17.99 | 14.16 | 14.90 | 22.08 | |
| Difference | | | -0.01 | -0.01 | -0.02 | -0.13 | -0.18 | N/A | N/A | N/A | N/A | -0.10 | |
| Loomis Sayles Large Cap Growth (CF) | 202,126,958 | 7.45 | 3.94 | 10.43 | 13.80 | 23.71 | 36.93 | 23.40 | N/A | N/A | N/A | 21.65 | 08/01/2017 |
| Russell 1000 Grth Index | | | 6.27 | 11.93 | 12.99 | 25.86 | 42.50 | 25.14 | 23.66 | 18.56 | 17.87 | 24.23 | |
| Difference | | | -2.33 | -1.50 | 0.81 | -2.15 | -5.57 | -1.74 | N/A | N/A | N/A | -2.58 | |
| Mellon Small Cap Value Index (CF) | 116,982,299 | 4.31 | -0.57 | 4.62 | N/A | 4.62 | 04/01/2021 |
| Russell 2000 Val Index | | | -0.61 | 4.56 | 26.69 | 68.96 | 73.28 | 10.27 | 13.62 | 9.26 | 10.85 | 4.56 | |
| Difference | | | 0.04 | 0.06 | N/A | 0.06 | |
| Pinnacle Associates US SMID Cap Growth (SA) | 162,879,511 | 6.00 | 2.08 | 1.73 | 13.36 | 50.80 | 57.26 | 22.62 | 21.79 | 14.26 | 14.67 | 16.33 | 03/01/2010 |
| Russell 2500 Grth Index | | | 5.37 | 6.04 | 8.67 | 36.81 | 49.63 | 20.15 | 20.68 | 14.81 | 14.83 | 16.46 | |
| Difference | | | -3.29 | -4.31 | 4.69 | 13.99 | 7.63 | 2.47 | 1.11 | -0.55 | -0.16 | -0.13 | |
| International Equity | | | | | | | | | | | | | |
| Silchester International Value (CF) | 266,422,888 | 9.82 | -0.89 | 3.95 | 13.06 | 30.24 | 34.44 | 5.80 | 9.52 | 5.54 | 7.77 | 9.75 | 06/01/2009 |
| MSCI EAFE Val Index (USD) (Net) | | | -2.30 | 3.01 | 10.68 | 31.93 | 33.50 | 3.78 | 7.81 | 1.95 | 3.86 | 5.59 | |
| Difference | | | 1.41 | 0.94 | 2.38 | -1.69 | 0.94 | 2.02 | 1.71 | 3.59 | 3.91 | 4.16 | |
| Baillie Gifford International Growth (BGEFX) | 245,810,335 | 9.06 | 3.42 | 6.18 | 3.38 | 24.94 | 43.40 | 21.97 | 23.89 | 14.27 | 12.65 | 14.48 | 06/01/2009 |
| Baillie Gifford Index | | | 0.39 | 6.60 | 6.52 | 21.35 | 33.68 | 13.23 | 12.71 | 7.95 | 7.87 | 9.63 | |
| Difference | | | 3.03 | -0.42 | -3.14 | 3.59 | 9.72 | 8.74 | 11.18 | 6.32 | 4.78 | 4.85 | |
| Baillie Gifford Spliced Index | | | -0.65 | 5.48 | 9.16 | 27.73 | 35.72 | 9.70 | 11.15 | 5.55 | 6.31 | 7.99 | |
| Difference | | | 4.07 | 0.70 | -5.78 | -2.79 | 7.68 | 12.27 | 12.74 | 8.72 | 6.34 | 6.49 | |
| Acadian Emerging Markets (CF) | 149,747,284 | 5.52 | 1.88 | 6.92 | 14.41 | 35.72 | 45.07 | 10.29 | 12.32 | 5.56 | 4.49 | 4.85 | 02/01/2011 |
| MSCI Emg Mkts Index (USD) (Net) | | | 0.17 | 5.05 | 7.45 | 28.61 | 40.90 | 11.27 | 13.03 | 6.35 | 4.29 | 4.47 | |
| Difference | | | 1.71 | 1.87 | 6.96 | 7.11 | 4.17 | -0.98 | -0.71 | -0.79 | 0.20 | 0.38 | |

Market values and performance shown are preliminary and subject to change. Performance shown is net of fees and is annualized for periods greater than one year. Allocations may not sum up to 100% due to the exclusion of managers in liquidation. Please see the addendum for custom benchmark definitions. Fiscal year for the COJ ends 09/30. Performance for Harrison Street Core Property, LP, PGIM Real Estate PRISA II LP (CF), UBS Trumbull Property (CF), NCREIF ODCE Index (AWA) (Net), NCREIF Timberland Index, and Adams Street, LP is available quarterly; interim months assume a 0.00% return. Asset Valuations for Real Estate and Diversifying Assets are lagged/unlagged as reported by the System's book of record, BNY Mellon.



City of Jacksonville Employees' Retirement System
Asset Allocation & Performance (Net of Fees)

As of June 30, 2021

| | Allocation | | Performance (%) | | | | | | | | | | |
|--|--------------------|-------------|-----------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|-------------------|
| | Market Value (\$) | % | MTD | QTD | CYTD | FYTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Incep. | Inception Date |
| Fixed Income | | | | | | | | | | | | | |
| Baird Core Fixed Income (SA) | 233,023,397 | 8.59 | 0.88 | 2.15 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 0.99 | 03/01/2021 |
| Bloomberg US Agg Bond Index | | | 0.70 | 1.83 | -1.61 | -0.95 | -0.34 | 5.34 | 3.03 | 3.28 | 3.39 | 0.56 | |
| Difference | | | 0.18 | 0.32 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 0.43 | |
| Franklin Templeton Global Multisector Plus (CF) | 97,070,940 | 3.58 | -1.07 | 1.70 | -1.57 | 0.15 | -0.80 | -1.50 | 0.63 | -0.72 | 1.38 | 4.98 | 09/01/2007 |
| Frank. Temp. Global Multisector Index | | | -0.82 | 1.45 | -2.96 | 0.46 | 3.19 | 4.34 | 2.57 | 1.96 | 2.23 | 3.65 | |
| Difference | | | -0.25 | 0.25 | 1.39 | -0.31 | -3.99 | -5.84 | -1.94 | -2.68 | -0.85 | 1.33 | |
| Loomis Sayles Multisector Full Discretion (CF) | 142,350,894 | 5.25 | 1.03 | 2.58 | -0.01 | 4.14 | 6.85 | 8.09 | 6.84 | 5.11 | 6.23 | 6.88 | 10/01/2007 |
| Bloomberg Gbl Agg Bond Index | | | -0.88 | 1.31 | -3.21 | -0.03 | 2.63 | 4.23 | 2.34 | 1.83 | 2.05 | 3.30 | |
| Difference | | | 1.91 | 1.27 | 3.20 | 4.17 | 4.22 | 3.86 | 4.50 | 3.28 | 4.18 | 3.58 | |
| Real Estate | | | | | | | | | | | | | |
| Harrison Street Core Property LP | 111,656,349 | 4.11 | 0.00 | 1.43 | 2.71 | 2.71 | 3.88 | 5.83 | 7.16 | N/A | N/A | 6.95 | 11/01/2015 |
| NCREIF ODCE Index (AWA) (Net) | | | 3.72 | 3.72 | 5.68 | 6.84 | 7.13 | 4.61 | 5.63 | 7.44 | 8.60 | 6.23 | |
| Difference | | | -3.72 | -2.29 | -2.97 | -4.13 | -3.25 | 1.22 | 1.53 | N/A | N/A | 0.72 | |
| PGIM Real Estate PRISA II LP (CF) | 58,687,371 | 2.16 | 0.00 | 1.78 | 3.21 | 3.21 | 3.36 | 4.35 | 5.87 | N/A | N/A | 7.23 | 01/01/2015 |
| NCREIF ODCE Index (AWA) (Net) | | | 3.72 | 3.72 | 5.68 | 6.84 | 7.13 | 4.61 | 5.63 | 7.44 | 8.60 | 7.05 | |
| Difference | | | -3.72 | -1.94 | -2.47 | -3.63 | -3.77 | -0.26 | 0.24 | N/A | N/A | 0.18 | |
| Principal US Property (CF) | 132,284,933 | 4.88 | 2.25 | 3.69 | 6.23 | 8.05 | 8.14 | 5.67 | 6.85 | 8.53 | N/A | 8.68 | 01/01/2014 |
| NCREIF ODCE Index (AWA) (Net) | | | 3.72 | 3.72 | 5.68 | 6.84 | 7.13 | 4.61 | 5.63 | 7.44 | 8.60 | 7.63 | |
| Difference | | | -1.47 | -0.03 | 0.55 | 1.21 | 1.01 | 1.06 | 1.22 | 1.09 | N/A | 1.05 | |
| UBS Trumbull Property (CF) | 90,029,206 | 3.32 | 0.00 | 1.09 | 1.09 | -1.01 | -1.38 | -1.34 | 1.37 | 3.91 | 5.51 | 4.40 | 12/01/2005 |
| NCREIF ODCE Index (AWA) (Net) | | | 3.72 | 3.72 | 5.68 | 6.84 | 7.13 | 4.61 | 5.63 | 7.44 | 8.60 | 5.94 | |
| Difference | | | -3.72 | -2.63 | -4.59 | -7.85 | -8.51 | -5.95 | -4.26 | -3.53 | -3.09 | -1.54 | |
| Vanguard RE Idx;ETF (VNQ) | 1,330,776 | 0.05 | 2.63 | 11.59 | 21.37 | 32.61 | 34.32 | 11.91 | 6.95 | 8.80 | 9.47 | 13.77 | 12/01/2008 |
| Custom REITs Index | | | 2.63 | 11.69 | 21.44 | 32.71 | 34.50 | 12.15 | 7.48 | 9.19 | 9.98 | 14.59 | |
| Difference | | | 0.00 | -0.10 | -0.07 | -0.10 | -0.18 | -0.24 | -0.53 | -0.39 | -0.51 | -0.82 | |

Market values and performance shown are preliminary and subject to change. Performance shown is net of fees and is annualized for periods greater than one year. Allocations may not sum up to 100% due to the exclusion of managers in liquidation. Please see the addendum for custom benchmark definitions. Fiscal year for the COJ ends 09/30. Performance for Harrison Street Core Property, LP, PGIM Real Estate PRISA II LP (CF), UBS Trumbull Property (CF), NCREIF ODCE Index (AWA) (Net), NCREIF Timberland Index, and Adams Street, LP is available quarterly; interim months assume a 0.00% return. Asset Valuations for Real Estate and Diversifying Assets are lagged/unlagged as reported by the System's book of record, BNY Mellon.



City of Jacksonville Employees' Retirement System
Asset Allocation & Performance (Net of Fees)

As of June 30, 2021

| | Allocation | | Performance (%) | | | | | | | | | | |
|---|-------------------|-------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------------|
| | Market Value (\$) | % | MTD | QTD | CYTD | FYTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Incep. | Inception Date |
| Diversifying Assets | | | | | | | | | | | | | |
| Harvest Fund Advisors MLP (SA) | 49,557,631 | 1.83 | 4.31 | 17.94 | 39.60 | 71.24 | 54.65 | -0.42 | 0.32 | -3.89 | 4.51 | 4.95 | 03/01/2011 |
| S&P MLP Index (TR) | | | 6.19 | 21.64 | 46.49 | 89.32 | 62.22 | 0.07 | 0.32 | -5.20 | 1.83 | 1.69 | |
| Difference | | | -1.88 | -3.70 | -6.89 | -18.08 | -7.57 | -0.49 | 0.00 | 1.31 | 2.68 | 3.26 | |
| Tortoise Capital Advisors MLP (SA) | 43,482,776 | 1.60 | 4.56 | 17.74 | 38.11 | 68.15 | 44.48 | -4.09 | -2.00 | -5.89 | 3.05 | 2.92 | 03/01/2011 |
| Tortoise Spliced Index | | | 3.42 | 16.39 | 40.69 | 69.04 | 50.58 | -2.39 | -1.16 | -6.21 | 1.07 | 0.96 | |
| Difference | | | 1.14 | 1.35 | -2.58 | -0.89 | -6.10 | -1.70 | -0.84 | 0.32 | 1.98 | 1.96 | |
| Hancock Timberland (SA) | 30,604,373 | 1.13 | 0.00 | 4.98 | 4.98 | 9.01 | 13.69 | 5.85 | 6.94 | 5.81 | 6.88 | 4.13 | 10/01/2006 |
| NCREIF Timberland Index | | | 0.00 | 0.00 | 0.76 | 1.34 | 1.38 | 1.55 | 2.31 | 3.53 | 4.48 | 5.04 | |
| Difference | | | 0.00 | 4.98 | 4.22 | 7.67 | 12.31 | 4.30 | 4.63 | 2.28 | 2.40 | -0.91 | |
| Adams Street Private Equity (SA) | 14,157,892 | 0.52 | 0.00 | 0.00 | 0.00 | N/A | N/A | N/A | N/A | N/A | N/A | 0.00 | 11/01/2020 |
| S&P 500 Index+3% | | | 2.59 | 9.35 | 16.97 | 32.15 | 45.02 | 22.23 | 21.17 | 17.52 | 18.28 | 35.43 | |
| Difference | | | -2.59 | -9.35 | -16.97 | N/A | N/A | N/A | N/A | N/A | N/A | -35.43 | |
| Hamilton Lane Private Credit (SA) | 4,954,137 | 0.18 | 0.00 | 0.16 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 03/01/2021 |
| ICE BofAML Gbl Hi Yld Index +2% | | | 0.40 | 3.07 | 3.50 | 11.84 | 17.91 | 9.45 | 9.38 | 6.94 | 8.36 | 2.62 | |
| Difference | | | -0.40 | -2.91 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| Dreyfus Gvt Csh Mgt;Inst (DGCXX) | 1,409,106 | 0.05 | 0.00 | 0.17 | 0.18 | 0.18 | 0.20 | 1.30 | 1.14 | 0.85 | 0.62 | 1.35 | 04/01/2001 |
| FTSE 3 Mo T-Bill Index | | | 0.00 | 0.01 | 0.03 | 0.05 | 0.08 | 1.31 | 1.14 | 0.84 | 0.60 | 1.34 | |
| Difference | | | 0.00 | 0.16 | 0.15 | 0.13 | 0.12 | -0.01 | 0.00 | 0.01 | 0.02 | 0.01 | |

Private equity funds tend to underperform in the early stages of their maturity; returns tend to improve as funds mature.

Market values and performance shown are preliminary and subject to change. Performance shown is net of fees and is annualized for periods greater than one year. Allocations may not sum up to 100% due to the exclusion of managers in liquidation. Please see the addendum for custom benchmark definitions. Fiscal year for the COJ ends 09/30. Performance for Harrison Street Core Property, LP, PGIM Real Estate PRISA II LP (CF), UBS Trumbull Property (CF), NCREIF ODCE Index (AWA) (Net), NCREIF Timberland Index, and Adams Street, LP is available quarterly; interim months assume a 0.00% return. Asset Valuations for Real Estate and Diversifying Assets are lagged/unlagged as reported by the System's book of record, BNY Mellon.



Performance Related Comments:

- Performance is annualized for periods greater than one year.
- Performance and market values shown are preliminary and subject to change.
- The inception date shown indicates the first full month of performance following initial funding.
- The market value shown for the Transition Account includes residual assets from terminated managers.
- RVK began monitoring the assets of the City of Jacksonville Retirement System on 01/01/2019. Prior historical data was provided by the custodian and previous consultant.
- Franklin Templeton Global Multisector Plus (CF) performance prior to 03/2016 is represented by Templeton Global Total Return (SICAV).

Custom Composite Benchmark Comments:

- **Current Total Fund Policy Index:** The passive Current Total Fund Policy Index is calculated monthly and currently consists of 30% Russell 3000 Index, 20% MSCI ACW Ex US Index (USD) (Net), 20% Fixed Income Index, 15% NCREIF ODCE Index (AWA) (Net), and 15% Diversifying Assets Index. Prior to 11/01/2017, the Current Total Fund Policy Index consists of the Legacy Total Fund Policy Index.
- **Legacy Total Fund Policy Index:** The passive Legacy Total Fund Policy Index is calculated monthly and currently consists of 35% Russell 3000 Index, 20% MSCI ACW Ex US Index (USD) (Net), 19% Fixed Income Index, 15% NCREIF ODCE Index (AWA) (Net), 10% Diversifying Assets Index, and 1% FTSE 3 Mo US T-Bill Index.
- **US Equity Index:** The passive US Equity Index consists of 100% DJ US TSM Index through 06/2009 and 100% Russell 3000 Index thereafter.
- **International Equity Index:** The passive International Equity Index consists of 100% MSCI EAFE Index (USD) (Gross) through 01/2011 and 100% MSCI ACW Ex US Index (USD) (Net) thereafter.
- **Fixed Income Index:** The passive Fixed Income Index consists of 100% Bloomberg US Agg Bond Index through 10/2017 and 100% Bloomberg US Universal Bond Index thereafter.
- **Diversifying Assets Index:** The active Diversifying Assets Index is calculated monthly using beginning of month investment weights applied to each corresponding primary benchmark return. Prior to 10/01/2020, the Diversifying Assets Index consist of 67% S&P MLP Index (TR)/33% NCREIF Timberland Index. Prior to 11/01/2017, the Diversifying Assets Index consist 50% S&P MLP Index (TR)/50% NCREIF Timberland Index.

Custom Manager Benchmark Comments:

- **Baillie Gifford Index:** The passive Baillie Gifford Index consists of 100% MSCI EAFE Grth Index (USD) (Net) through 10/2017 and 100% MSCI ACW Ex US Grth Index (USD) (Net) thereafter.
- **Baillie Gifford Spliced Index:** The passive Baillie Gifford Spliced Index consists of 100% MSCI EAFE Index (USD) (Net) through 11/2019 and 100% MSCI ACW Ex US Index (USD) (Net) thereafter.
- **Frank. Temp. Global Multisector Index:** The passive Frank. Temp. Global Multisector Index consists of 100% ICE BofAML Gbl Hi Yld Index through 12/2009 and 100% Bloomberg Multiverse Index thereafter.

- **Custom REITs Index:** The passive Custom REITs Index consists of 100% MSCI US REIT Index (USD) (Gross) through 01/2019 and 100% Vanguard Spl Real Estate Index thereafter.
- **Vanguard Spliced Real Estate Index:** The Vanguard Spl Real Estate Index consists of MSCI US REIT Index (USD) (Gross) adjusted to include a 2% cash position (Lipper Money Market Average) through 04/30/2009, MSCI US REIT Index (USD) (Gross) through 01/31/2018, MSCI US IM Real Estate 25/50 Transition Index through 07/24/2018, and MSCI US IM Real Estate 25/50 Index (Gross) thereafter.
- **Tortoise Spliced Index:** The passive Tortoise Spliced Index consists of 100% S&P MLP Index (TR) through 07/2020 and 100% Alerian Midstream Energy Index thereafter.

PORTLAND

BOISE

CHICAGO

NEW YORK

Disclaimer of Warranties and Limitation of Liability - This document was prepared by RVK, Inc. (RVK) and may include information and data from some or all of the following sources: client staff; custodian banks; investment managers; specialty investment consultants; actuaries; plan administrators/record-keepers; index providers; as well as other third-party sources as directed by the client or as we believe necessary or appropriate. RVK has taken reasonable care to ensure the accuracy of the information or data, but makes no warranties and disclaims responsibility for the accuracy or completeness of information or data provided or methodologies employed by any external source. This document is provided for the client's internal use only and does not constitute a recommendation by RVK or an offer of, or a solicitation for, any particular security and it is not intended to convey any guarantees as to the future performance of the investment products, asset classes, or capital markets.



**CITY OF JACKSONVILLE EMPLOYEES RETIREMENT
SYSTEM**

**STATEMENT OF INVESTMENT POLICY,
GOALS AND GUIDELINES**

Adopted January 2006
Amended August 27, 2009
Amended December 15, 2011
Amended October 26, 2017
Amended July 1, 2021

TABLE OF CONTENTS

| | |
|---|-------------------|
| <u>INTRODUCTION & PURPOSE</u> | <u>3</u> |
| <u>GENERAL OBJECTIVES</u> | <u>4</u> |
| <u>TREASURER & PLAN ADMINISTRATOR RESPONSIBILITIES</u> | <u>5</u> |
| <u>INVESTMENT MANAGER RESPONSIBILITIES</u> | <u>5</u> |
| <u>CONSULTANT RESPONSIBILITIES</u> | <u>7</u> |
| <u>CUSTODIAN RESPONSIBILITIES</u> | <u>8</u> |
| <u>INVESTMENT OBJECTIVES</u> | <u>9</u> |
| <u>ASSET ALLOCATION</u> | <u>10</u> |
| <u>INVESTMENT GUIDELINES</u> | <u>12</u> |
| <u>COMPLIANCE PROCEDURES</u> | <u>223</u> |
| <u>SECTION 112.661, FLORIDA STATUTES</u> | <u>234</u> |
| <u>PERFORMANCE EVALUATION</u> | <u>255</u> |
| <u>REVIEW OF POLICY</u> | <u>277</u> |
| <u>APPENDIX</u> | <u>288</u> |

INTRODUCTION & PURPOSE

The City of Jacksonville Employees Retirement System (the "System") consists of two defined benefit pension plans and a disability plan. The defined benefit plans are The City of Jacksonville General Employees Retirement Plan and the City of Jacksonville Corrections Officers Retirement Plan (each the "Plan" or together the "Plans"). Although each Plan is unique and its assets and liabilities are valued separately, the Plans' assets are combined for investment purposes through a common pension trust Fund (the "Fund"). The System is administered by a Board of Trustees (the "Board") which has the fiduciary responsibility for the System's administration, the investment of its assets, and the management of its operations. The purpose of the City of Jacksonville Employees Retirement System is to provide long-term benefits to the Plans' participants and their beneficiaries. In recognition of its responsibility, the Board hereby adopts this Statement of Investment Policy, Goals and Guidelines (the "Policy").

The purpose of this document is to communicate, in writing, the investment objectives and guidelines established by the Board as they pertain to the Plans and the Fund. It is intended to provide the Board, the City's Treasurer, the System's Administrator and investment staff, the System's investment consultant, the System's investment managers and the System's custodian a clear and accurate understanding of all investment objectives, investment guidelines and the criteria by which investment performance shall be evaluated. The guidelines and objectives provided herein are intended only to complement those contained in Chapter 18610, Laws of Florida, Acts of 1937; Sections 112.661(5) and 215.47, Florida Statutes; Sections 120.103 and 120.104, Jacksonville Ordinance Code, and any other applicable ordinances or statutes. If at any time this document is found to be in conflict with such ordinances or statutes, the ordinances and statutes shall prevail.

Assets of the Plans are held in trust in the Fund for the exclusive purpose of providing benefits to the Plans' participants and their beneficiaries and to defray the reasonable expenses of the Plans. See Sections 120.101(a), 120.103(a), 120.104(a) and 120.213(a), Jacksonville Ordinance Code, and Sections 112.656 and 112.66(9), Florida Statutes. It is the policy of the Board that no part of the corpus or income of the Plans' assets shall be used for or diverted to purposes other than providing benefits to the Plans' participants and their beneficiaries, to reimburse the City of Jacksonville for any advanced payments, or to pay reasonable expenses of the System.

The Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended ("ERISA") does not directly apply to the System as a governmental retirement plan and that the investment policy describes the level of prudence and ethical standards to be followed by the Board in carrying out its investment activities with respect to the System's funds. However, in performing its investment duties the Board shall comply with the fiduciary standards set forth in ERISA, found at 29 U.S.C. Section 1104(a)(1)(A)-(C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in Section 112.661 or other applicable sections of Florida Statutes shall apply.

The investment policies set forth in this document are established after a thorough review of the unique needs and circumstances of the Fund and a careful evaluation of the risk and potential returns expected from various mixes of stocks, bonds, real estate, cash equivalent securities, and other permissible assets. It is the Board's intention that the investment policies herein be sufficiently specific to be meaningful but adequately flexible to be practical. Responsible parties shall not deviate from these policies without the written permission of the Board. In the case of emergency circumstances, however, the City's Chief Financial Officer or Treasurer shall be allowed to deviate from this Policy when necessary to preserve Fund assets, subject to any statutory limitations.

A set of Investment Manager Instructions (the "Instructions") are developed by the System's investment consultant for each separate account established with an investment manager and approved by the Board. Such instructions shall contain the manager's benchmark by which the manager's performance is measured, any internal account restrictions or limitations, and any necessary exceptions to the Policy. The Board may periodically approve changes or permit exceptions to this Policy in order to maintain flexibility in the investment of the System's assets, adjust to changes in the capital markets, or take advantage of market opportunities. Such changes or exceptions shall be noted in the Manager Instructions or amendments to this Policy.

Any time any party in a contractual relationship with the System (e.g. investment consultant, investment manager, custodian, etc.) believes any changes to this Policy become necessary or advisable, they shall make a request in writing for such change, which shall be communicated by the System staff to the Board, if necessary. The Board is responsible for approving all such requests. The Board shall give notice to the City Council President, Council Finance Committee Chairperson, and Council Auditor of any proposed changes to this Policy not less than 60 days prior to the final meeting for adoption of such change. Upon approval by Board vote, System staff shall communicate all changes as necessary.

GENERAL OBJECTIVES

The investment objective of the System is to preserve the purchasing power of the System's assets and earn a reasonable real rate of return (after inflation) over the long term while minimizing, to the extent reasonable, the volatility of returns.

To achieve these objectives, the Board seeks to create a well-diversified and balanced portfolio of equity, fixed income, real estate, diversifying assets, money market and other investments as described herein. The Board may invest System assets in any securities, real property and other assets it deems appropriate after a thorough review of the needs of the Fund and a careful evaluation of the potential risk and returns, provided such investment is authorized by this Policy and not prohibited by law. The Board has determined that outside investment managers may be retained to assure that investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines.

TREASURER & PLAN ADMINISTRATOR RESPONSIBILITIES

The City Treasurer is also the Treasurer of the System. The Treasurer and the Plan Administrator are responsible for implementing decisions made by the Board, administration of the System and Plans in alignment with applicable law and policies, and communicating Board directives to the investment managers and other related professionals. The Board authorizes the Treasurer and the Plan Administrator to deviate from these directives, subject to the investment limitations contained in Sections 112.661 and 215.47, Florida Statutes, and only when deemed in the best interest of the System with the concurrence of the City's Chief Financial Officer. Any such deviation shall be promptly reported to the Board no later than the next Board meeting.

INVESTMENT MANAGER RESPONSIBILITIES

Within the guidelines and restrictions set forth herein, the Board delegates to each investment manager full investment discretion with respect to the management of assets under its control. Such discretion includes decisions to buy, hold and sell securities in amounts that are reflective of the manager's investment strategy and in compliance with the Policy. The investment managers' acceptance of the responsibility to manage assets for the System constitutes an acceptance of this Policy, affirming the belief they are capable of achieving the System's objectives within the guidelines and limitations stated herein.

The Board delegates to each investment manager the responsibility to vote any and all proxies applicable to designated Plan assets under their management. The investment manager has the responsibility to vote solely in the interest of the Plans' participants and to protect the value of the securities within the Fund. Investment managers shall keep accurate records with respect to their voting of proxies. Investment managers shall forward to the Board at least annually a proxy voting report, including a summary of all instances where votes were cast against management, or where votes were cast against the manager's internal proxy voting policies, along with the manager's supporting rationale for each such situation.

Except as provided below in this paragraph, the System's investment managers shall discharge their responsibilities in the same manner as if the System were governed by the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Although the Board acknowledges that ERISA does not directly apply to the System as a governmental retirement plan, in carrying out its investment activities with respect to the System's assets each investment manager shall conform to the statutory provisions, rules, regulations, interpretations and case law of ERISA. Each investment manager shall acknowledge in writing that it is a fiduciary, as that term is defined by ERISA, of the System or of the investors in the commingled fund, partnership, or other commingled investment vehicle that the investment manager is retained to manage. Exceptions may be made by the Board on a case-by-case basis if

necessary. Each investment manager shall be responsible only for those assets under its management.

Unless otherwise approved on an exception basis and fully disclosed to the Board in advance, investment managers shall not:

- Take custody of assets under their control;
- Execute trades through brokers affiliated with the investment manager or the System's investment consultant or custodian; or
- Otherwise pay any fees, compensation or gratuities to the System's investment consultant or custodian.

Each investment manager is expected to provide all reasonable information to the System's custodian necessary for the timely and effective management and trade settlement of its account, including information on trades, cash balances, and pricing discrepancies.

Unless otherwise provided by the System's custodian through a cash sweep vehicle, each investment manager shall invest cash reserves in permissible cash equivalent securities in order to minimize uninvested cash balances.

All investment transactions shall be completed on a best price, best execution basis. The investment managers, as fiduciaries, have the responsibility to execute all transactions in the best interest of the Fund.

- On a case-by-case basis, the Board may direct any manager to execute a portion of its trades through one or more commission recapture services selected by the Board.

Each investment manager is expected to provide all reasonable information requested by the Board. All managers shall keep the Board and investment consultant informed on a timely basis of:

- Significant changes in their investment outlook, investment strategy, asset allocation;
- Changes in ownership, organizational structure, financial condition, investment process, or regulatory registration;
- Any regulatory action, investigation or legal action affecting the firm or its employees;
- Changes in professional staffing to the investment management firm or investment product utilized, including client service personnel; and
- All other matters affecting their relationship with the System.

Whenever investment managers believe that any particular guideline should be altered, it is the investment manager's responsibility to initiate written communication with the Board and investment consultant requesting such change.

At a minimum, each manager shall provide a quarterly report that includes the following:

- All investment activity (incl. securities purchases and sales);
- The portfolio's current value;
- Investment performance and attribution;
- An analysis of portfolio characteristics;
- A market and investment outlook;
- Any changes in investment philosophy or strategy;
- Any significant changes in the personnel or ownership of the firm;
- A summary of commission costs, brokers utilized and all portfolio directed brokerage activities;
- On an annual basis each equity manager shall provide a summary report of all proxies voted and whether any proxies were voted as an exception to the manager's stated proxy voting guidelines.

Real estate managers shall provide reports with similar information as described above but tailored to provide relevant risk exposure, portfolio construction and return information suitable for that asset class or strategy given industry standards.

Each investment manager is expected to meet with the Board or its designated representatives periodically to review investment performance and philosophy.

CONSULTANT RESPONSIBILITIES

The primary duty of the investment consultant is to provide investment advice to the Board and to assist the Treasurer and Plan Administrator and staff in the implementation of the Board's directives and management of the investment process. This includes meeting regularly with the Board to provide information, market perspective, and evaluation as to the System's goals, objectives, limitations, investment structure and investment performance as part of the overall development, implementation and monitoring of a diversified investment portfolio.

Specific duties of the investment consultant include:

- 1) Making recommendations to the Board of appropriate actions which shall enhance the probability of achieving Fund objectives such as use of various asset classes, implementation of investment strategy, changes in investment policy, and changes in investment managers or other service providers;
- 2) Assisting the Board in developing appropriate asset mixes through the development of regular asset-liability studies or asset allocation reviews;
- 3) Assisting the Board in deploying an appropriate asset mix through the development of specific investment strategies and supporting policies;
- 4) Making recommendations to the Board with respect to rebalancing;
- 5) Providing comprehensive evaluation of the investment results of the Fund and its individual asset managers in light of this Policy;
- 6) Notifying the Board of changes in the structure, personnel, ownership, or process of managers serving the System;

- 7) Conducting searches for investment managers and other service providers as necessary and making recommendations for such positions;
- 8) Disclosing potential conflicts of interest as they become known; and
- 9) Providing ad hoc investment research and other support as may be necessary to support the Board's educational and informational needs.

CUSTODIAN RESPONSIBILITIES

The Board shall retain a bank or trust company to act as custodian for the System's assets. Such custodian shall be responsible for the safekeeping of all the System's assets put under its custody, as well as the regular valuation of System assets and settlement of investment managers' trades on behalf of the System.

In order to maximize the investment return, no money should be allowed to remain idle and uninvested. Dividends, interest, proceeds from sales, new contributions and all other monies shall be invested promptly upon receipt. Consistent with these requirements, the custodian shall be responsible for the following functions:

- 1) Accept daily trading/cash reconciliation instructions from the money managers;
- 2) Advise investment managers daily of changes in cash equivalent balances;
- 3) Immediately advise managers of contributions and withdrawals from account;
- 4) Notify investment managers of tenders, rights, fractional shares or other dispositions of holdings;
- 5) Resolve any custodial account problems with investment managers;
- 6) Safekeeping of securities;
- 7) Collection of all interest and dividends;
- 8) Daily sweep of idle cash balances;
- 9) Process all investment manager security transactions;
- 10) Collect proceeds from maturing securities and sale transactions;
- 11) Make cash disbursements as directed;
- 12) Provide monthly accounting statements based on fair market value for each security in each investment manager account and a consolidated statement of all assets under custody;
- 13) Provide account representative and back-up to assist City staff in all needs relating to the custody and accountability of System assets;

- 14) Managing as securities lending agent and/or assisting the securities lending program as directed by the Board;
- 15) Provide a schedule of commissions paid and brokers used by each investment manager;
- 16) Provide reports or assistance on corporate actions, class action notice filings, forwarding proxies to appropriate parties and any other actions or reports mutually agreed upon by the custodian and the Board;
- 17) Provide any other tasks necessary for the effective safekeeping, valuation or administration of System assets.

INVESTMENT OBJECTIVES

The broad investment objective of the System is, to the extent possible, to ensure over the life of the System that an adequate level of assets are available to fund the benefits payable to the Plans' participants and beneficiaries at the time they become payable. In meeting this objective, the Board seeks to achieve a high level of investment return consistent with a prudent level of portfolio risk.

In addition, the System seeks a total rate of return after all expenses that equals or exceeds the current actuarial investment return assumption. The Board, with help from the actuary and investment consultant, shall use the Fund's asset allocation as the primary tool to achieve this objective. As this is a long-term objective and investments are subject to short-term volatility, the main investment focus of the Board is the expected return and associated expected volatility of the Plan as a whole over a long-term investment time horizon. The performance of each asset class and the performance of each manager relative to appropriate market indices and style peer comparisons shall be monitored over both the long term and short term. Each manager is expected to maintain a consistent philosophy and style, perform well versus others utilizing the same style, and add incremental value after costs.

Long-term growth of capital: The Board recognizes that short-term fluctuations may result in the loss of capital earned on occasion (i.e., negative rates of return). However, in the absence of contributions and withdrawals, the asset value of the Plans should grow over the long run and achieve the investment goals set out below.

Preservation of Purchasing Power: the preservation of purchasing power is another long-term investment objective for System. Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation (as measured by annual CPI) over the long term in order to preserve purchasing power of future benefits.

The specific investment goals of the System are as follows:

- To earn an annualized rate of return, over the long term, that exceeds the annual rate of change in the Consumer Price Index (CPI, net of fees).
- To earn an annualized rate of return over the long term equal to or in excess of the System's actuarial assumed rate of return, net of fees.
- To earn a total rate of return, net of fees, over a market cycle, (roughly 7 years) that exceeds the return of a Policy Index. The Policy Index for the System is defined as a hypothetical index constructed of the target allocation for each broad asset class, as adopted by the Board and contained in the Policy, invested in a broad market index representing that asset class. The Policy Index may change from time to time as the asset allocation target for the System changes, as approved by the Board.
- In addition, it is expected that over a market cycle (roughly 7 years) the rate of return earned by the System shall rank above median when compared to a representative universe of other, similarly managed and sized, retirement systems and portfolios.
- It is the goal for each active investment manager to achieve an annualized total rate of return, over a market cycle (roughly 7 years) which exceeds a broad market benchmark, net of fees, and ranks above median in a style peer performance universe. The broad market benchmarks are shown in each investment manager's Investment Instructions. It is the goal for each passive investment manager to achieve an annualized total rate of return, gross of fees, that matches the underlying market benchmark, and minimizes tracking error.

ASSET ALLOCATION

The Board believes that the level of risk assumed in the Fund is a function, in large part, of the Fund's asset allocation. The proportion of assets allocated for equity investments is a major determinant of volatility of future returns. As indicated by long-term historical data, the risk of equity ownership has been rewarded with a higher rate of return and is necessary in the current market environment to fully fund future liabilities. The risk tolerance of the Board shall also be expressed through eligible asset classes and target asset allocation.

The Fund's investments shall be invested in a diversified portfolio composed of some or all of the following: equity securities (both domestic and international), fixed income securities (both domestic and international), core and non core real estate, diversifying assets (including but not limited to: private equity, private creditdebt, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources) as permitted by this Policy and any applicable ordinance or statute), and cash equivalent securities. Accordingly, the portfolio shall be structured to provide real growth of market value over time while providing downside protection, to the extent reasonable under

prevailing market conditions, during periods of economic or capital market distress or volatility.

Based on its determination of the appropriate risk posture for the Fund, and its long-term return expectations, the Board, with recommendations from the investment consultant and actuary, shall maintain asset-mix guidelines for the Fund, based on market values. The asset allocation is a strategic asset allocation. The long term target allocation percentage and permitted range for each asset class shall be based upon the most recent asset-liability study or asset allocation review performed by the investment consultant, generally every few years, and as adopted by the Board. Both the target allocations and permitted ranges should be adhered to under normal circumstances. However, because the target allocations and permitted ranges are long term in nature, periodically the asset mix may fall outside the target or range. Dollar-cost-averaging, portfolio transition or other cases where the Board determines deviation from the target or range is in the best interest of the Fund are permitted exceptions. This in no way should be considered market timing and is not viewed as such by the Board.

The Board, in conjunction with the investment consultant and actuary, is responsible for broad asset allocation decisions. A manager's cash holdings can disrupt this position and therefore under normal circumstances should be limited to five percent (5%) of its portfolio market value. Therefore, each manager's portfolio is to be fully invested, although cash can be held briefly when a security is sold prior to reinvestment. The only exception to this shall be when cash is used as part of a duration or term-structure strategy of a fixed income manager. This exception is consistent with the Board's decision to have managers avoid market-timing decisions stated above.

Until such time as the Board changes the broad asset class targets, a routine rebalancing of the various portfolios back within permitted allocation range shall be implemented as necessary. The first tool used to achieve this rebalancing shall be regular cash flows. After that, manager cash and portfolio liquidation shall be used.

When market experience moves the portfolio allocation outside a range of +/- 5% around the target allocation at month end, the Treasurer, Plan Administrator, or investment staff in conjunction with the investment consultant shall consider any necessary action to rebalance back toward the target allocation. Priority of rebalancing shall be asset class before style or individual manager.

After a thorough review of the expected risk and return of various asset mixes, the Board of Trustees has established the following target asset allocation for all assets of the City of Jacksonville Retirement System:

| Asset Class | Minimum | Target | Maximum |
|---------------------------|----------------|---------------|----------------|
| Domestic Equities | 20% | 30% | 40% |
| International Securities | 130% | 230% | 25%* |
| Fixed Income | 10% | 20% | 30% |
| Real Estate | 0% | 15% | 20% |
| Diversifying Assets** (†) | 0% | 125% | 20% |
| Cash | 0% | 0% | 10% |

Formatted Table

*Statutory Maximum

**ex.) Includes pPrivate eEquity, pPrivate creditDebt, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources)

~~(†) (†) Within the Diversifying Assets allocation, a subcategory of the following strategies shall have a minimum of 0%, target of 5%, with a maximum allowable investment of 7.5%: equity/debt long short, event driven, relative value, and tactical trading. If the maximum threshold of 7.5% is breached, holdings in this subcategory shall be liquidated to reestablish compliance as soon as administratively possible.~~

INVESTMENT GUIDELINES

Sections 112.661 and 215.47, Florida Statutes, describe the permissible investments for the System and limitations on investments. Section 120.103, Jacksonville Ordinance Code, authorizes the Board to establish allocations containing permissible investments to those defined by this Policy, within the limits set forth by statute. The following broad investment guidelines contain both a restatement of those sections and additional limitations. They also may be modified as set forth in any individual investment manager instructions, to the extent approved by the Board and permitted by applicable ordinances and statutes.

EQUITY SECURITIES

Permitted Securities:

The following are permissible investments:

- All equity investments shall be limited to fully and easily negotiable equity securities that are listed on a national exchange.
- Permissible ~~investment vehicles securities~~ shall include equity separate accounts and commingled vehicles consisting of those common stocks, preferred stocks and convertible securities.
- American Depository Receipts are permissible in domestic equity portfolios.
- American Depository Receipts and Global Depository Receipts are permissible in international equity portfolios.

- Other equity securities listed in the Equity Guidelines below.

Equity Guidelines

- 1) The total equity portfolio may not exceed 80% of the Fund's assets measured at market value.
- 2) The total portion of the Fund's international equity holdings combined with non-US dollar corporate bonds may not exceed 25% of the Fund's assets measured at market value.
- 3) No more than 105% of the market value of the total equity portfolio may be invested in the combined common stock, preferred stock or convertible securities shares of any one company.
- 3)-
- 4) Investments in shares of companies that have been publicly traded for less than one year are limited to no more than 10% of the market value of the total equity portfolio.
- 5) American Depository Receipts are permissible in domestic equity portfolios and are limited to 15% of a manager's portfolio.
- 6) Exchange Traded Funds or index fund investments are permitted.
- 7) No individual equity strategy/mandate portfolio, measured at market value, shall have an economic sector weighting which exceeds the greater of either 30% or 2 times the sector weight of the underlying benchmark. Exceptions can be made, at the Board's discretion, should the strategy/mandate require greater allowance.
- 8)- ~~Not more than 80 percent of the Fund may be invested in common stock, preferred stock, and interest bearing obligations of a corporation having an option to convert into common stock, provided:~~
 1. ~~The corporation is organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia; or~~
 2. ~~The corporation is listed on any one or more of the recognized national stock exchanges in the United States and conforms with the periodic reporting requirements under the Securities Exchange Act of 1934.~~
- 9)8) Not more than 75 percent of the Fund may be in internally managed common stock.

~~10) The Board shall not invest more than 10 percent of the equity assets of the Fund in the common stock, preferred stock, and interest-bearing obligations having an option to convert into common stock, of any one issuing corporation; and the Board shall not invest more than 3 percent of the equity assets of the Fund in such securities of any one issuing corporation except to the extent a higher percentage of the same issue is included in a nationally recognized market index, based on market values, at least as broad as the Standard and Poor's Composite Index of 500 Companies, or except upon a specific finding by the Board that such higher percentage is in the best interest of the fund.~~

Formatted: Indent: Left: 0.19"

~~11) Not more than 25 percent of the Fund may be invested in corporate obligations and securities of any foreign corporation or foreign commercial entity having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the Board.~~

~~12)9) A total return goal of the domestic equity composite, net of fees, is to exceed the return of the Russell 3000 Index over a market cycle (roughly 7 years).~~

~~10) The total return goal of the international equity composite, net of fees, is to exceed the return of the MSCI All Country World EX-US Index over a market cycle (roughly 7 years).~~

~~13)11) Sections 112.661(5) and 215.47 of the Florida Statutes shall guide the Equity Guidelines and supersede all conflicts in the Investment Policy.~~

Formatted: List Paragraph, Left, Line spacing: single, No bullets or numbering, Tab stops: Not at 0.5"

FIXED INCOME SECURITIES

Permissible Securities:

The following are permissible investments:

- Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.
- Florida State bonds pledging the full faith and credit of the state and revenue bonds additionally secured by the full faith and credit of the state.
- Bonds of the several counties or districts in the state containing a pledge of the full faith and credit of the county or district involved.
- Bonds issued or administered by the State Board of Administration secured solely by a pledge of all or part of the 2-cent constitutional fuel tax accruing under the provisions of s. 16, Art. IX of the State Constitution of 1885, as amended, or of s. 9, Art. XII of the 1968 revised State Constitution.

- Bonds issued by the State Board of Education pursuant to ss. 18 and 19, Art. XII of the State Constitution of 1885, as amended, or to s. 9, Art. XII of the 1968 revised State Constitution, as amended.
- Bonds issued by the Florida Outdoor Recreational Development Council pursuant to s. 17, Art. IX of the State Constitution of 1885, as amended.
- Notes, bonds, and other obligations of agencies of the United States.
- Other bonds listed in the Fixed Income Guidelines below.

Fixed Income Guidelines

- 1) At a minimum, 80% of the total fixed income portfolio shall be rated "investment grade" or higher. The Board defines investment grade as "BBB-", "Baa3" or their equivalent, as rated by a Nationally Recognized Statistical Rating Organization. In the event of a split rating, the security must be rated "BBB-", "Baa3" or their equivalent by at least two investment rating agencies to be considered investment grade. The lower rating will be used if the investment is rated by two ratings agencies.
- 2) Permissible securities shall include fixed income separate accounts and commingled vehicles consisting of those US Treasuries and Agencies, corporate bonds, mortgage-backed securities, asset backed securities and convertible securities listed belowabove.
- 3) Investments in corporate bonds issued by a non-US corporation of commercial entities shall not exceed 25% of the market value of the total fixed income portfolio. ~~Non-US pay equity securities traded outside the US shall also be counted toward the 25% limitation.~~ This limitation shall not apply to US dollar-denominated securities listed and traded on US exchanges.
- 4) The total value of the securities of any single non-US Government issuer shall not exceed 5% of the market value of the total fixed income portfolio.
- 5) Investments in Collateralized Mortgage Obligations (CMOs) shall be limited to 25% of the market value of the total fixed income portfolio.
- 6) There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
- 7) Investments in Commercial Mortgage Backed Securities (CMBS) are permitted, provided they are rated AAA by a major rating service. However, the total value of all CMBS investments shall not exceed 25% of the market value of the total fixed income portfolio.
- 8) All fixed income investments shall be limited to fully and easily negotiable fixed income securities, unless specifically authorized by the Board.

9) Investments in convertible bonds shall be limited to 10% of the market value of the total fixed income portfolio. However, any convertible bond investments should be liquidated at the time of conversion so as to avoid the fixed income managers holding equity securities in a fixed income portfolio.

10) Structured notes may not be held in the fixed income portfolio.

11) The following are limited to 25% or less of the Fund:

~~1.~~ A. Bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of this state, if the obligations are rated investment grade by at least one nationally recognized statistical rating organization.

Formatted: Indent: Left: 0.75", No bullets or numbering

~~2.~~ B. Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.

Formatted: Indent: Left: 0.75", No bullets or numbering

~~3.~~ C. Mortgage securities which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

Formatted: Indent: Left: 0.75", No bullets or numbering

~~4.~~ D. Group annuity contracts of the pension investment type with insurers licensed to do business in this state which are rated investment grade by at least one nationally recognized rating service.

Formatted: Indent: Left: 0.75", No bullets or numbering

~~5.~~ E. Fixed-income obligations not otherwise authorized by this section issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities, if the obligations are rated investment grade by at least one nationally recognized rating service.

Formatted: Indent: Left: 0.75", No bullets or numbering

~~6.~~ F. A portion of the funds available for investment pursuant to this subsection may be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

Formatted: Indent: Left: 0.75", No bullets or numbering

~~G.~~ 7. Obligations of agencies of the government of the United States, provided such obligations have been included in and authorized by the Florida Retirement System Defined Benefit Plan Investment Policy Statement established in Section 215.475, Florida Statutes.

Formatted: Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 7 + Alignment: Left + Aligned at: 1" + Indent at: 1.25"

~~H.~~ 8. United States dollar-denominated obligations issued by foreign governments, or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.

Formatted: Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 7 + Alignment: Left + Aligned at: 1" + Indent at: 1.25"

~~I.~~ 9. Asset-backed securities not otherwise authorized by this section.

Formatted: Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 7 + Alignment: Left + Aligned at: 1" + Indent at: 1.25"

~~12) Not more than 80 percent of the Fund may be invested in interest-bearing obligations with a fixed maturity of any single corporation or commercial entity within the United States.~~

1~~2~~3) Not more than 25 percent of the Fund may be invested in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity~~iesy~~ having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the Board.

1~~3~~4) The total return goal of the fixed income composite, net of fees, should exceed the return of the ~~Barclays Capital~~Bloomberg Barclays US Universal Bond Index over a market cycle (roughly 7 years).

REAL ESTATE

Permissible Investments:

Certain interests in real property and related personal property, including mortgages and related instruments on commercial or industrial real property, with provisions for equity or income participation or with provisions for convertibility to equity ownership; and interests in collective investment funds are permissible investments. Associated expenditures for acquisition and operation of assets purchased under this provision or of investments in private equity or other private investment partnerships or limited liability companies shall be included as a part of the cost of the investment.

1. The title to real property acquired under this paragraph shall be vested in the name of the Fund.
2. For purposes of taxation of property owned by the Fund, the provisions of Section 196.199(2)(b), Florida Statutes, do not apply.
3. Real property acquired under the provisions of this paragraph shall not be considered state lands or public lands and property as defined in Florida Statutes Chapter 253, and the provisions of that chapter do not apply to such real property.

Real Estate Guidelines

Core Real Estate funds are to have the following complementary objectives:

- Investments are typically comprised of well-leased, high quality, income producing institutional properties, such as office buildings, retail centers, industrial parks, apartments, and hotels, that are held until such time as determination is made by the fund manager to dispose of such properties at acceptable market rates.

Non Core Real Estate funds, comprised of both Opportunistic and Value-Added investments, are to have the following complementary objectives:

- Investments are typically commercial properties requiring redevelopment or repositioning for alternative use or upgrade. These properties have the potential for increases in tenant occupancy rates and leasing income attained from capital improvements and effected property management, over the projected holding period.
- 1) Notwithstanding the restrictions and limitations set forth in paragraphs 1 and 2 of the "Equity Securities" section above or elsewhere in this Policy and when deemed appropriate by the Board, real estate investments may be made in any legally permissible real estate investment vehicles, including, but not limited to, individual property investments, joint ventures, commingled funds, including insurance company separate accounts, real estate investment trusts (REIT's), master limited partnerships (MLPs), limited partnerships and limited liability companies, in an amount up to 25% of the Fund.
 - 2) -The Board shall seek to diversify its real estate portfolio by property type (multi-family residential, industrial, office, retail, ~~timberland~~, etc.), property location (geographic region), tenant dominance (avoiding tenants all belonging to the same company or industry) and strategy (core diversified, value-added, opportunistic).
 - 3) As real estate investments over time are intended to provide, relative to other asset classes, a higher level of income, lower volatility of total return, and lower correlation to other asset classes, leverage is generally limited to 35% at the portfolio level for core investments and ~~75~~50% at the portfolio level for value-added/opportunistic investments. However, the amount of leverage in a single fund is not constant. It varies as the market value of the properties in the fund varies. In the case of closed-end funds it also varies as the fund matures. In the early days of a Non Core closed-end fund, the fund may utilize very little leverage. But as the properties are accumulated, the borrowing as a percentage of the properties will increase.
 - 4) Any investment or co-investment in a single property shall not exceed one half of one per cent (0.5%) of the Plans' total assets unless specifically permitted by the Board.
 - 5) All real estate investments shall be managed by experienced and qualified professional investment managers as determined by the Board of Trustees in consultation with the Investment Consultant and Staff.
 - 6) The total return goal of the ~~Core R~~Real ~~E~~state composite, net of fees, is to exceed ~~the return of a blended index using the~~ NCREIF ODCE index over a market cycle (roughly 7 years). The total return goal of the Non Core Real Estate composite, net of fees, is to exceed the NCREIF ODCE index + 2% premium, over a market cycle (roughly 7 years). MSCI US REIT Index, and other appropriate indices, ex-weighted to reflect Policy weights of the respective strategies.

CASH EQUIVALENT SECURITIES

The following are permissible investments:

Permissible Securities:

- Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof and having a prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization, provided such savings accounts and certificates of deposit are secured in the manner prescribed in Florida Statutes Chapter 280.
- Bonds issued by the Florida State Improvement Commission, Florida Development Commission, Division of Bond Finance of the Department of General Services, or Division of Bond Finance of the State Board of Administration.
- Notes, bonds, and other obligations of agencies of the United States.
- Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.
- Time drafts or bills of exchange drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, which are accepted by a member bank of the Federal Reserve System and are of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
- Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
- Short-term obligations not authorized elsewhere in this section to be purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.
- Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

Cash Equivalent Guidelines

- 1) The investment managers may invest only in the following short-term investment vehicles, for the purposes of cash equivalents:
 - a) The money market or STIF provided by the System's custodian.
 - b) Direct obligations of the United States Government or its agencies with a maturity of one year or less.
 - c) Repurchase agreements which are fully collateralized by direct obligations of the United States Government.
 - d) Commercial Paper issued by United States corporations which has a maturity of 270 days or less and that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's.
 - e) Bankers Acceptances issued by prime money center banks.

USE OF FUTURES AND OPTIONS

The System and any of its external managers are authorized to buy and sell futures and options, provided the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission, unless the Board by rule authorizes a different market. Use of futures and options for speculative purposes is prohibited.

COMMINGLED AND MUTUAL FUNDS:

The Board recognizes and accepts that investments in commingled funds, common trust funds, mutual funds, limited partnerships, limited liability companies or similar investment vehicles shall be governed by the investment policies and guidelines of those funds and that no additional constraints may be imposed on them as they are frequently serving as fiduciaries to the investment vehicle itself of which the Fund holds an interest. The decision to invest Fund assets in any such fund shall only be made by the Board after a thorough review of the investment policies contained in the prospectus, trust document, offering memorandum or other governing documents of those funds, and after it has been determined that those policies are appropriate and generally consistent with the investment objectives of the System.

DIVERSIFYING ASSETS:

Permissible Strategies:

The following are permissible investments:

- For purposes of this Policy, "diversifying assets" shall mean investments in private equity, private ~~credit~~debt, ~~equity or debt~~ long-short equity or debt, event driven, relative value, or tactical trading strategies, MLPs, real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources) and shall also include other investments that generally are not publicly traded or which are managed through private investment vehicles.
- In general, the aforementioned strategies involve the purchase and sale of all types of public and privately traded securities, currencies, options, futures and private placements. These strategies may also include the short sale of securities and the use of leverage and other types of derivatives.
- Private equity investments may include sub strategies such as venture capital, growth equity, and buyouts. Investments are typically accessed directly, through partnerships or through a fund of funds approach, which provides an investment vehicle that is well diversified by sub-asset class (e.g. venture capital vs. buyouts), investment style (e.g. early vs. late stage, mid-market vs. large cap market) and vintage year. Such private investments shall include all sub-strategies including: buyout, growth capital, venture capital, distressed equity and debt investing, mezzanine financing, oil & gas, metals & mining, or other natural resources, and private capital or direct lending.
- Private Credit investments may include sub strategies such as direct lending, asset-backed debt, specialty finance, special situations, and distressed debt. Investments are typically accessed directly, through partnerships or through a fund of funds approach.
- ~~Permitted investment vehicles shall include limited partnership structures, limited liability companies, or other forms of unregistered commingled funds. Investments may be made through fund of funds, primary funds, secondary funds and co-investment funds.~~
- ~~In general private and debt investments involve the privately negotiated purchase primarily of unlisted, illiquid common and preferred stock; subordinated and senior debt of mostly privately held companies; and distressed debt of both private and public companies. The purchase of these securities is generally in blind pool limited partnerships, secondary offerings or co-investment funds.~~
- ~~In general, the aforementioned strategies involve the purchase and sale of all types of publicly traded securities, currencies, options, futures and private placements. These strategies may also include the short sale of securities and the use of leverage and other types of derivatives.~~

- In general, real assets includes the purchase and sale of an equity or debt interest in natural resources (such as oil and gas development, energy and power infrastructure, agriculture, and metals and mining), commodities (agriculture, energy, industrial metals, livestock and precious metals), timberland, farmland, and water rights. These investments may be made in publicly traded securities, such as master limited partnerships (MLPs) or in private investment vehicles, such as limited partnerships.

Diversifying Assets Guidelines

1. The long-term role of diversifying assets is to improve the risk-adjusted return of the overall portfolio by increasing the long-term expected return above what would be normally available using only conventional securities and reducing overall portfolio volatility through use of a diversified set of strategies and the inherent smoothing of private valuation methods. The long-term nature of private investments and vintage year diversification shall be emphasized so that the System, as a long-term investor, may properly take advantage of the private negotiation of transactions and the illiquidity premium associated with such private investments.
2. Prior to making any investment in diversifying assets, the sub-strategy investments will be evaluated, by the Board, based on their singular characteristics and their incremental value to the total Fund. shall develop a set of separate guidelines specifically pertaining to the type of diversifying asset utilized. Leverage used in any strategy shall be fully disclosed and regularly updated. Any "lock-up" periods shall be appropriate given the underlying strategy.
3. The Board understands that there are certain additional risks associated with investing in private investments, such as: the long-term nature and illiquidity of the investment; the complexity of the strategies employed; the higher cost and delay of investment return to the System (e.g. "J-curve effect"); the possible lack of full public disclosure of certain financial information; and the labor intensive nature of private investment programs for plan sponsors to implement and monitor. However, the Board has determined that possible reward outweighs the possible risks and has also determined that the long-term role of diversifying assets, private investments stated above is consistent with the System's Policy.
4. In private equity, private credit and real asset investing there is the risk of sustaining a complete loss on any of the individual company investments. The Board understands and expects that while specific investments may incur losses of all or part of invested capital, a diversified portfolio of holdings should produce a positive rate of return in excess of that available from public securities. Therefore, the System shall prudently diversify its private investment program in a manner consistent with professionally managed institutional private programs.

as recommended by its Investment Consultant or Staff, so as to decrease the likelihood of loss. The private investments ~~s, portfolio~~ in aggregate, will be prudently diversified by having broad exposure across the sub-strategies listed above. Further, the private ~~investments, portfolio~~ in aggregate, shall be diversified by: industry groups, company, number of transactions, stage of company maturity, form of investment, geography and time (vintage year diversification). Investment in non-US limited partnerships is permitted.

5. Over commitment: The implementation of any the private investment, such as private equity and private credit, program by the System shall be made over time so as to increase vintage year diversification. The timing of new commitments shall be spread out so as to avoid undue concentration of commitments in any one year. Over the long-term, it is expected that varying amounts of new funding will be committed each year to increase diversification. The Board recognizes that it will be necessary to make capital commitments in excess of the target allocation for private investments in order to achieve the target allocation and subsequently maintain it. The investment consultant shall monitor the amount of capital committed, drawn, invested and distributed and make a recommendation to the Board as to the amount of new commitments to be made each year.
6. Each fund shall be invested and diversified according to each fund's legal documentation. ~~Accordingly~~, at the composite level, no limitations shall be imposed on any single partnership, strategy, or investment.
7. Public Records Request: The Board recognizes that periodically a request for information under a state statute or local ordinance "Public Record Request" may be made concerning the System's private investments. The Board believes that public disclosure of certain information about the System's private investments, especially financial information of the underlying companies held by limited partnerships, may materially harm the System's investments. Therefore the Board has adopted the following procedure in the event such a request is made: Public disclosure of the System's private investment shall be limited to the following: the identity of each fund; the amount of capital committed, invested and returned for each fund; the internal rate of return for each fund; any information disclosed by the fund to the Board in the Board's regular, open meetings, and as otherwise may be required by law.
8. The total return goal of the privately traded diversifying assets composite investments of private diversifying investments should be to produce a dollar-weighted return (internal rate of return or IRR) that exceeds a public market equivalent (PME) dollar-weighted return of a market index appropriate for the private strategies utilized over a full market cycle. Where possible, peer comparisons shall be made using statistically valid performance universes with the expectation that performance will rank above median in vintage year periods.

9. The total return goal of the publicly traded diversifying assets composite investments, or for which a valid investable index or peer universe exists, should be to exceed the return of a blended index using ~~the S&P-MLP Index, NCREIF Timberland Index, and any other~~ appropriate indices weighted to reflect Policy weights of the respective strategies, net of fees.

COMPLIANCE PROCEDURES

In the event a security falls out of compliance with the investment manager's specific investment guidelines after purchase, the investment manager may continue to hold the security to avoid a "fire sale" scenario subject to the following:

- The securities must be permissible under Sections 112.661(5) and 215.47, Florida Statutes.
- The investment must represent no more than 2% of the investment manager's portfolio and the overall investment in the security across all managers' portfolios must not exceed 2% of the Fund's Plans' aggregate investment portfolio.
- Immediate notification shall be provided to the City's Treasurer and Chief Financial Officer ("CFO"), including a summary of the type, magnitude, and risk of such variance to the specific investment manager's guidelines.
- If the Treasurer and CFO both agree with the assessment, the request shall be referred to the Chairman of the Board for approval. If at any step during this process the retention of the security is not approved, Treasury staff and the investment consultant shall work with the investment manager to decide on the best manner of liquidation.
- Unless approved by the Chairman of the Board, a non-compliant security may not be retained beyond 30 days following the end of the quarter in which the non-compliance was discovered.
- If retention of the security is approved, the CFO shall send written acknowledgement to the applicable manager granting such exception to the Policy, which shall include the following:
 1. Defined enhanced reporting requirements for the manager regarding the specific investment holding which is an exception to the investment manager's specific guidelines, including:
 - a. Impact to the liquidity of the holding and portfolio managed, and
 - b. Impact on the return on the portfolio managed under the expected outcome and under the worst-case scenario.
- Updates on the status of each security which is subject to a Policy exception shall be presented by the investment manager to the city's Treasurer at least monthly.

- Exceptions to the investment manager's specific guidelines shall be reported to the Board, and shall be included in the investment consultant's quarterly investment report. The Board shall have the ultimate authority over whether the exception should be approved or not.

SECTION 112.661, FLORIDA STATUTES

The Board has adopted the following additional provisions to comply with Section 112.661, Florida Statutes:

EXPECTED ANNUAL RATE OF RETURN: For each actuarial valuation the Board shall determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination is to be filed with the Department of Management Services, the plan sponsor and the consulting actuary.

MATURITY AND LIQUIDITY REQUIREMENTS: The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To the degree reasonable, an attempt shall be made to match investment maturities with anticipated cash flow requirements.

THIRD-PARTY CUSTODIAL AGREEMENTS: Securities should be held with a third party, and all securities purchased by, and all collateral obtained by, the board should be properly designated as an asset of the board. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by an authorized member of the board or the board's designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, to the extent possible, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

MASTER REPURCHASE AGREEMENT: All approved institutions and dealers transacting repurchase agreements shall perform as stated in the Master Repurchase Agreement.

BID REQUIREMENT: To the extent reasonable, the Board shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid is to be selected.

INTERNAL CONTROLS: The Board shall establish a system of internal controls which shall be in writing and be a part of the Board's operational procedures. These internal controls are designed to prevent losses of funds, which might arise from fraud, error, and misrepresentation, by third parties or imprudent actions by the Board or employees of the plan sponsor.

CONTINUING EDUCATION: The Board encourages continuing education of its members in the areas of investments and Board responsibilities.

REPORTING: The Custodian's valuation report is to be filed annually with the plan sponsor. This report is also available to the public.

FILING OF INVESTMENT POLICY: Once adopted by the Board, this Policy shall be promptly filed with the Department of Management Services, plan sponsor and consulting actuary. The effective date of this Policy and any amendment thereto shall be the 31st calendar day following the filing date with the plan sponsor.

VALUATION OF ILLIQUID INVESTMENTS: The Board defines an illiquid investment as one for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. Should an investment become illiquid or in the event that the fund acquires an illiquid investment, the Board shall develop the methodology for valuation as set forth in the criteria in Section 215.47(6), Florida Statutes (the SBA/FRS methodology for valuation).

PERFORMANCE EVALUATION

The Board shall review the investment activities and investment performance of the System and each portfolio manager on a regular basis to assure compliance with the goals, objectives and guidelines contained in this Policy. The System's outside investment consultant shall assist the Board in interpreting investment results and assessing investment manager performance.

Investment performance shall be measured on at least a quarterly basis. Performance benchmarks shall include those stated in the Investment Objectives section above as well as comparisons to similar types of funds with similar market value and asset allocation.

Investment performance shall be compared using a statistically valid universe provided by the investment consultant as authorized by the Board. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this Policy.

While the Board intends to fairly evaluate the portfolio performance, it reserves the right to change investment managers, without liability except payment of current charges, for any reason which in the exercise of the Board's discretion is deemed sufficient, including but not limited to those stated below.

1. Change of the Board's investment philosophy;
2. Poor results, including but not limited to, a manager's full-market-cycle (roughly 7 years) returns underperforming relative to the appropriate benchmark for three or more consecutive quarters;
3. Failure to meet stated performance goals as described in the investment manager's specific guidelines or this Policy, and/or as measured against the appropriate benchmark or relevant manager universe;
4. Failure to meet the Board's communication and reporting requirements;

5. Deviation from the stated investment philosophy or style for which the investment management firm was hired; or
6. Change of decision-making personnel or ownership of the investment management firm.

Investment managers shall communicate with the Board and investment consultant as follows:

1. Provide portfolio valuation and transaction listings on at least a quarterly basis as stated above.
2. Meet at least annually with the Board, its Staff or investment consultant or as requested by the Board.
3. Communicate as outlined in this Policy regarding all other issues.

Board communication with investment managers:

1. On a timely basis, the Board shall provide the investment managers with changes to this Policy.
2. The Board shall also communicate as needed with the investment managers to:
 - a. Review and discuss any modifications and changes to the Plans' investment objectives, goals and guidelines;
 - b. Identify any significant anticipated changes in the Plans' cash flow, liquidity requirements or plan circumstances; and
 - c. Any other matter, which may bear upon the Plans' assets managed by a particular manager.

This Policy as well as the Plans' circumstances shall be reviewed annually by the investment consultant with the Board and possibly revised periodically to ensure this Policy continues to reflect the Board's objectives, goals, philosophy, etc.

The Board shall periodically review:

1. The ~~Fund's Plans'~~ asset allocation in light of the consultant's current capital markets assumptions.
2. Actual investment results to determine whether the ~~Fund's Plans'~~ asset allocation remains reasonable and each manager's decision-making process remains consistent with the style and methodology for which the manager was originally retained.
3. The investment manager's proxy voting procedures and proxy voting records.
4. Commissions generated, commission rates charged and firms used by the investment managers to execute trades.
5. Manager fee schedules.

REVIEW OF POLICY

It is the intention of the Board of Trustees to review this Policy periodically and to amend it to reflect any changes in philosophy or objectives. If at any time any investment manager believes that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, then such manager shall notify the Board in writing of the specific objection so that the Board may consider revising this Policy subject to applicable ordinances and statutes.

Amended this ^{1st} day of July, 2021.

Formatted: Superscript

DAVID KILCREASE
SECRETARY - BOARD OF TRUSTEES
CITY OF JACKSONVILLE EMPLOYEES RETIREMENT SYSTEM

APPENDIX

SAMPLE INVESTMENT MANAGER INSTRUCTIONS

Policy:

The portfolio under the supervision of sample manager is intended to be a domestic equity portfolio.

Sample manager has been hired to pursue an investment style, which the Board has defined as a large cap value, domestic equity style. The Board has selected this investment style to be different, yet complement the other domestic equity managers employed. Sample manager is expected to produce investment returns that are 100 basis points over the Russell 1000 Value Index on an annualized basis over rolling three-to-five-year periods, net of fees and rank above median compared to their style peers over the same period. It is understood that investment returns are not guaranteed.

Guidelines:

- A. The portfolio shall be a large cap value, domestic equity portfolio. Sample manager may purchase short-term cash equivalent instruments, which for the purpose of measurement, shall be treated as equity reserves, not as fixed income securities. Convertibles are also permissible; however, they shall be treated as equities as well. The portfolio is expected to remain fully invested.
- B. It is sample manager' decision as to whether or not to utilize the Short-Term Investment Fund offered by the custodian, or another cash equivalent vehicle, and in doing so, is responsible for assessing the credit worthiness and relative return attractiveness of any alternative to the custodian's STIF used.
- C. Sample manager may use exchange-traded funds such as S&P Depository Receipts ("Spyders") for the purpose of short-term equitization of unused funds, including cash in the account due to a contribution or pending withdrawal.
- D. The portfolio shall be adequately diversified according to the internal policies established by sample manager regarding individual securities and industries to avoid the undue risk inherent in non-diversified holdings. In addition to the limitations set out in the Guidelines, the following limitations shall apply:
 - 1. Exposure to any single economic sector is limited to the greater of: 30% or 2X the sector weight in the underlying benchmark (listed below) based on market value.
 - 2. American Depository Receipts are permissible but are limited to a maximum of 15% of the portfolio based on market value.
- E. The portfolio performance shall be measured on a total return basis, which includes both income and change in market value.
- F. Sample manager shall be reviewed quarterly based on the following:

1. Adherence to style risk assignment, including portfolio characteristics relative to those of the benchmark.
2. The value-added over the Russell 1000 Value Index.
3. The trend of value-added over the Russell 1000 Value Index.
4. The value-added over median similar style investment managers.

These guidelines are not to be construed as restrictive to sample manager' ability to follow the strategies it considers are the most appropriate given the Board's directives contained in the Investment Policy and these Instructions, but rather as an exercise of the Board's fiduciary responsibility. If at any time sample manager feels that the Policy or these Instructions are unrealistic, or may be a hindrance in pursuing their investment style, the Board and the investment consultant are to be notified immediately in writing.

**CITY OF JACKSONVILLE EMPLOYEES RETIREMENT
SYSTEM**

**STATEMENT OF INVESTMENT POLICY,
GOALS AND GUIDELINES**

**Adopted January 2006
Amended August 27, 2009
Amended December 15, 2011
Amended October 26, 2017
Amended July 1, 2021**

TABLE OF CONTENTS

| | |
|---|------------------|
| <u>INTRODUCTION & PURPOSE</u> | <u>3</u> |
| <u>GENERAL OBJECTIVES</u> | <u>4</u> |
| <u>TREASURER & PLAN ADMINISTRATOR RESPONSIBILITIES</u> | <u>5</u> |
| <u>INVESTMENT MANAGER RESPONSIBILITIES</u> | <u>5</u> |
| <u>CONSULTANT RESPONSIBILITIES</u> | <u>7</u> |
| <u>CUSTODIAN RESPONSIBILITIES</u> | <u>8</u> |
| <u>INVESTMENT OBJECTIVES</u> | <u>9</u> |
| <u>ASSET ALLOCATION</u> | <u>10</u> |
| <u>INVESTMENT GUIDELINES</u> | <u>12</u> |
| <u>COMPLIANCE PROCEDURES</u> | <u>22</u> |
| <u>SECTION 112.661, FLORIDA STATUTES</u> | <u>23</u> |
| <u>PERFORMANCE EVALUATION</u> | <u>25</u> |
| <u>REVIEW OF POLICY</u> | <u>27</u> |
| <u>APPENDIX</u> | <u>28</u> |

INTRODUCTION & PURPOSE

The City of Jacksonville Employees Retirement System (the "System") consists of two defined benefit pension plans and a disability plan. The defined benefit plans are The City of Jacksonville General Employees Retirement Plan and the City of Jacksonville Corrections Officers Retirement Plan (each the "Plan" or together the "Plans"). Although each Plan is unique and its assets and liabilities are valued separately, the Plans' assets are combined for investment purposes through a common pension trust Fund (the "Fund"). The System is administered by a Board of Trustees (the "Board") which has the fiduciary responsibility for the System's administration, the investment of its assets, and the management of its operations. The purpose of the City of Jacksonville Employees Retirement System is to provide long-term benefits to the Plans' participants and their beneficiaries. In recognition of its responsibility, the Board hereby adopts this Statement of Investment Policy, Goals and Guidelines (the "Policy").

The purpose of this document is to communicate, in writing, the investment objectives and guidelines established by the Board as they pertain to the Plans and the Fund. It is intended to provide the Board, the City's Treasurer, the System's Administrator and investment staff, the System's investment consultant, the System's investment managers and the System's custodian a clear and accurate understanding of all investment objectives, investment guidelines and the criteria by which investment performance shall be evaluated. The guidelines and objectives provided herein are intended only to complement those contained in Chapter 18610, Laws of Florida, Acts of 1937; Sections 112.661(5) and 215.47, Florida Statutes; Sections 120.103 and 120.104, Jacksonville Ordinance Code, and any other applicable ordinances or statutes. If at any time this document is found to be in conflict with such ordinances or statutes, the ordinances and statutes shall prevail.

Assets of the Plans are held in trust in the Fund for the exclusive purpose of providing benefits to the Plans' participants and their beneficiaries and to defray the reasonable expenses of the Plans. See Sections 120.101(a), 120.103(a), 120.104(a) and 120.213(a), Jacksonville Ordinance Code, and Sections 112.656 and 112.66(9), Florida Statutes. It is the policy of the Board that no part of the corpus or income of the Plans' assets shall be used for or diverted to purposes other than providing benefits to the Plans' participants and their beneficiaries, to reimburse the City of Jacksonville for any advanced payments, or to pay reasonable expenses of the System.

The Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended ("ERISA") does not directly apply to the System as a governmental retirement plan and that the investment policy describes the level of prudence and ethical standards to be followed by the Board in carrying out its investment activities with respect to the System's funds. However, in performing its investment duties the Board shall comply with the fiduciary standards set forth in ERISA, found at 29 U.S.C. Section 1104(a)(1)(A)-(C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in Section 112.661 or other applicable sections of Florida Statutes shall apply.

The investment policies set forth in this document are established after a thorough review of the unique needs and circumstances of the Fund and a careful evaluation of the risk and potential returns expected from various mixes of stocks, bonds, real estate, cash equivalent securities, and other permissible assets. It is the Board's intention that the investment policies herein be sufficiently specific to be meaningful but adequately flexible to be practical. Responsible parties shall not deviate from these policies without the written permission of the Board. In the case of emergency circumstances, however, the City's Chief Financial Officer or Treasurer shall be allowed to deviate from this Policy when necessary to preserve Fund assets, subject to any statutory limitations.

A set of Investment Manager Instructions (the "Instructions") are developed by the System's investment consultant for each separate account established with an investment manager and approved by the Board. Such instructions shall contain the manager's benchmark by which the manager's performance is measured, any internal account restrictions or limitations, and any necessary exceptions to the Policy. The Board may periodically approve changes or permit exceptions to this Policy in order to maintain flexibility in the investment of the System's assets, adjust to changes in the capital markets, or take advantage of market opportunities. Such changes or exceptions shall be noted in the Manager Instructions or amendments to this Policy.

Any time any party in a contractual relationship with the System (e.g. investment consultant, investment manager, custodian, etc.) believes any changes to this Policy become necessary or advisable, they shall make a request in writing for such change, which shall be communicated by the System staff to the Board, if necessary. The Board is responsible for approving all such requests. The Board shall give notice to the City Council President, Council Finance Committee Chairperson, and Council Auditor of any proposed changes to this Policy not less than 60 days prior to the final meeting for adoption of such change. Upon approval by Board vote, System staff shall communicate all changes as necessary.

GENERAL OBJECTIVES

The investment objective of the System is to preserve the purchasing power of the System's assets and earn a reasonable real rate of return (after inflation) over the long term while minimizing, to the extent reasonable, the volatility of returns.

To achieve these objectives, the Board seeks to create a well-diversified and balanced portfolio of equity, fixed income, real estate, diversifying assets, money market and other investments as described herein. The Board may invest System assets in any securities, real property and other assets it deems appropriate after a thorough review of the needs of the Fund and a careful evaluation of the potential risk and returns, provided such investment is authorized by this Policy and not prohibited by law. The Board has determined that outside investment managers may be retained to assure that investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines.

TREASURER & PLAN ADMINISTRATOR RESPONSIBILITIES

The City Treasurer is also the Treasurer of the System. The Treasurer and the Plan Administrator are responsible for implementing decisions made by the Board, administration of the System and Plans in alignment with applicable law and policies, and communicating Board directives to the investment managers and other related professionals. The Board authorizes the Treasurer and the Plan Administrator to deviate from these directives, subject to the investment limitations contained in Sections 112.661 and 215.47, Florida Statutes, and only when deemed in the best interest of the System with the concurrence of the City's Chief Financial Officer. Any such deviation shall be promptly reported to the Board no later than the next Board meeting.

INVESTMENT MANAGER RESPONSIBILITIES

Within the guidelines and restrictions set forth herein, the Board delegates to each investment manager full investment discretion with respect to the management of assets under its control. Such discretion includes decisions to buy, hold and sell securities in amounts that are reflective of the manager's investment strategy and in compliance with the Policy. The investment managers' acceptance of the responsibility to manage assets for the System constitutes an acceptance of this Policy, affirming the belief they are capable of achieving the System's objectives within the guidelines and limitations stated herein.

The Board delegates to each investment manager the responsibility to vote any and all proxies applicable to designated Plan assets under their management. The investment manager has the responsibility to vote solely in the interest of the Plans' participants and to protect the value of the securities within the Fund. Investment managers shall keep accurate records with respect to their voting of proxies. Investment managers shall forward to the Board at least annually a proxy voting report, including a summary of all instances where votes were cast against management, or where votes were cast against the manager's internal proxy voting policies, along with the manager's supporting rationale for each such situation.

Except as provided below in this paragraph, the System's investment managers shall discharge their responsibilities in the same manner as if the System were governed by the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Although the Board acknowledges that ERISA does not directly apply to the System as a governmental retirement plan, in carrying out its investment activities with respect to the System's assets each investment manager shall conform to the statutory provisions, rules, regulations, interpretations and case law of ERISA. Each investment manager shall acknowledge in writing that it is a fiduciary, as that term is defined by ERISA, of the System or of the investors in the commingled fund, partnership, or other commingled investment vehicle that the investment manager is retained to manage. Exceptions may be made by the Board on a case-by-case basis if

necessary. Each investment manager shall be responsible only for those assets under its management.

Unless otherwise approved on an exception basis and fully disclosed to the Board in advance, investment managers shall not:

- Take custody of assets under their control;
- Execute trades through brokers affiliated with the investment manager or the System's investment consultant or custodian; or
- Otherwise pay any fees, compensation or gratuities to the System's investment consultant or custodian.

Each investment manager is expected to provide all reasonable information to the System's custodian necessary for the timely and effective management and trade settlement of its account, including information on trades, cash balances, and pricing discrepancies.

Unless otherwise provided by the System's custodian through a cash sweep vehicle, each investment manager shall invest cash reserves in permissible cash equivalent securities in order to minimize uninvested cash balances.

All investment transactions shall be completed on a best price, best execution basis. The investment managers, as fiduciaries, have the responsibility to execute all transactions in the best interest of the Fund.

- On a case-by-case basis, the Board may direct any manager to execute a portion of its trades through one or more commission recapture services selected by the Board.

Each investment manager is expected to provide all reasonable information requested by the Board. All managers shall keep the Board and investment consultant informed on a timely basis of:

- Significant changes in their investment outlook, investment strategy, asset allocation;
- Changes in ownership, organizational structure, financial condition, investment process, or regulatory registration;
- Any regulatory action, investigation or legal action affecting the firm or its employees;
- Changes in professional staffing to the investment management firm or investment product utilized, including client service personnel; and
- All other matters affecting their relationship with the System.

Whenever investment managers believe that any particular guideline should be altered, it is the investment manager's responsibility to initiate written communication with the Board and investment consultant requesting such change.

At a minimum, each manager shall provide a quarterly report that includes the following:

- All investment activity (incl. securities purchases and sales);
- The portfolio's current value;
- Investment performance and attribution;
- An analysis of portfolio characteristics;
- A market and investment outlook;
- Any changes in investment philosophy or strategy;
- Any significant changes in the personnel or ownership of the firm;
- A summary of commission costs, brokers utilized and all portfolio directed brokerage activities;
- On an annual basis each equity manager shall provide a summary report of all proxies voted and whether any proxies were voted as an exception to the manager's stated proxy voting guidelines.

Real estate managers shall provide reports with similar information as described above but tailored to provide relevant risk exposure, portfolio construction and return information suitable for that asset class or strategy given industry standards.

Each investment manager is expected to meet with the Board or its designated representatives periodically to review investment performance and philosophy.

CONSULTANT RESPONSIBILITIES

The primary duty of the investment consultant is to provide investment advice to the Board and to assist the Treasurer and Plan Administrator and staff in the implementation of the Board's directives and management of the investment process. This includes meeting regularly with the Board to provide information, market perspective, and evaluation as to the System's goals, objectives, limitations, investment structure and investment performance as part of the overall development, implementation and monitoring of a diversified investment portfolio.

Specific duties of the investment consultant include:

- 1) Making recommendations to the Board of appropriate actions which shall enhance the probability of achieving Fund objectives such as use of various asset classes, implementation of investment strategy, changes in investment policy, and changes in investment managers or other service providers;
- 2) Assisting the Board in developing appropriate asset mixes through the development of regular asset-liability studies or asset allocation reviews;
- 3) Assisting the Board in deploying an appropriate asset mix through the development of specific investment strategies and supporting policies;
- 4) Making recommendations to the Board with respect to rebalancing;
- 5) Providing comprehensive evaluation of the investment results of the Fund and its individual asset managers in light of this Policy;
- 6) Notifying the Board of changes in the structure, personnel, ownership, or process of managers serving the System;

- 7) Conducting searches for investment managers and other service providers as necessary and making recommendations for such positions;
- 8) Disclosing potential conflicts of interest as they become known; and
- 9) Providing ad hoc investment research and other support as may be necessary to support the Board's educational and informational needs.

CUSTODIAN RESPONSIBILITIES

The Board shall retain a bank or trust company to act as custodian for the System's assets. Such custodian shall be responsible for the safekeeping of all the System's assets put under its custody, as well as the regular valuation of System assets and settlement of investment managers' trades on behalf of the System.

In order to maximize the investment return, no money should be allowed to remain idle and uninvested. Dividends, interest, proceeds from sales, new contributions and all other monies shall be invested promptly upon receipt. Consistent with these requirements, the custodian shall be responsible for the following functions:

- 1) Accept daily trading/cash reconciliation instructions from the money managers;
- 2) Advise investment managers daily of changes in cash equivalent balances;
- 3) Immediately advise managers of contributions and withdrawals from account;
- 4) Notify investment managers of tenders, rights, fractional shares or other dispositions of holdings;
- 5) Resolve any custodial account problems with investment managers;
- 6) Safekeeping of securities;
- 7) Collection of all interest and dividends;
- 8) Daily sweep of idle cash balances;
- 9) Process all investment manager security transactions;
- 10) Collect proceeds from maturing securities and sale transactions;
- 11) Make cash disbursements as directed;
- 12) Provide monthly accounting statements based on fair market value for each security in each investment manager account and a consolidated statement of all assets under custody;
- 13) Provide account representative and back-up to assist City staff in all needs relating to the custody and accountability of System assets;

- 14) Managing as securities lending agent and/or assisting the securities lending program as directed by the Board;
- 15) Provide a schedule of commissions paid and brokers used by each investment manager;
- 16) Provide reports or assistance on corporate actions, class action notice filings, forwarding proxies to appropriate parties and any other actions or reports mutually agreed upon by the custodian and the Board;
- 17) Provide any other tasks necessary for the effective safekeeping, valuation or administration of System assets.

INVESTMENT OBJECTIVES

The broad investment objective of the System is, to the extent possible, to ensure over the life of the System that an adequate level of assets are available to fund the benefits payable to the Plans' participants and beneficiaries at the time they become payable. In meeting this objective, the Board seeks to achieve a high level of investment return consistent with a prudent level of portfolio risk.

In addition, the System seeks a total rate of return after all expenses that equals or exceeds the current actuarial investment return assumption. The Board, with help from the actuary and investment consultant, shall use the Fund's asset allocation as the primary tool to achieve this objective. As this is a long-term objective and investments are subject to short-term volatility, the main investment focus of the Board is the expected return and associated expected volatility of the Plan as a whole over a long-term investment time horizon. The performance of each asset class and the performance of each manager relative to appropriate market indices and style peer comparisons shall be monitored over both the long term and short term. Each manager is expected to maintain a consistent philosophy and style, perform well versus others utilizing the same style, and add incremental value after costs.

Long-term growth of capital: The Board recognizes that short-term fluctuations may result in the loss of capital earned on occasion (i.e., negative rates of return). However, in the absence of contributions and withdrawals, the asset value of the Plans should grow over the long run and achieve the investment goals set out below.

Preservation of Purchasing Power: the preservation of purchasing power is another long-term investment objective for System. Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation (as measured by annual CPI) over the long term in order to preserve purchasing power of future benefits.

The specific investment goals of the System are as follows:

- To earn an annualized rate of return, over the long term, that exceeds the annual rate of change in the Consumer Price Index (CPI, net of fees).
- To earn an annualized rate of return over the long term equal to or in excess of the System's actuarial assumed rate of return, net of fees.
- To earn a total rate of return, net of fees, over a market cycle, (roughly 7 years) that exceeds the return of a Policy Index. The Policy Index for the System is defined as a hypothetical index constructed of the target allocation for each broad asset class, as adopted by the Board and contained in the Policy, invested in a broad market index representing that asset class. The Policy Index may change from time to time as the asset allocation target for the System changes, as approved by the Board.
- In addition, it is expected that over a market cycle (roughly 7 years) the rate of return earned by the System shall rank above median when compared to a representative universe of other, similarly managed and sized, retirement systems and portfolios.
- It is the goal for each active investment manager to achieve an annualized total rate of return, over a market cycle (roughly 7 years) which exceeds a broad market benchmark, net of fees, and ranks above median in a style peer performance universe. The broad market benchmarks are shown in each investment manager's Investment Instructions. It is the goal for each passive investment manager to achieve an annualized total rate of return, gross of fees, that matches the underlying market benchmark, and minimizes tracking error.

ASSET ALLOCATION

The Board believes that the level of risk assumed in the Fund is a function, in large part, of the Fund's asset allocation. The proportion of assets allocated for equity investments is a major determinant of volatility of future returns. As indicated by long-term historical data, the risk of equity ownership has been rewarded with a higher rate of return and is necessary in the current market environment to fully fund future liabilities. The risk tolerance of the Board shall also be expressed through eligible asset classes and target asset allocation.

The Fund's investments shall be invested in a diversified portfolio composed of some or all of the following: equity securities (both domestic and international), fixed income securities (both domestic and international), core and non core real estate, diversifying assets (including but not limited to: private equity, private credit, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources) as permitted by this Policy and any applicable ordinance or statute), and cash equivalent

securities. Accordingly, the portfolio shall be structured to provide real growth of market value over time while providing downside protection, to the extent reasonable under prevailing market conditions, during periods of economic or capital market distress or volatility.

Based on its determination of the appropriate risk posture for the Fund, and its long-term return expectations, the Board, with recommendations from the investment consultant and actuary, shall maintain asset-mix guidelines for the Fund, based on market values. The asset allocation is a strategic asset allocation. The long term target allocation percentage and permitted range for each asset class shall be based upon the most recent asset-liability study or asset allocation review performed by the investment consultant, generally every few years, and as adopted by the Board. Both the target allocations and permitted ranges should be adhered to under normal circumstances. However, because the target allocations and permitted ranges are long term in nature, periodically the asset mix may fall outside the target or range. Dollar-cost-averaging, portfolio transition or other cases where the Board determines deviation from the target or range is in the best interest of the Fund are permitted exceptions. This in no way should be considered market timing and is not viewed as such by the Board.

The Board, in conjunction with the investment consultant and actuary, is responsible for broad asset allocation decisions. A manager's cash holdings can disrupt this position and therefore under normal circumstances should be limited to five percent (5%) of its portfolio market value. Therefore, each manager's portfolio is to be fully invested, although cash can be held briefly when a security is sold prior to reinvestment. The only exception to this shall be when cash is used as part of a duration or term-structure strategy of a fixed income manager. This exception is consistent with the Board's decision to have managers avoid market-timing decisions stated above.

Until such time as the Board changes the broad asset class targets, a routine rebalancing of the various portfolios back within permitted allocation range shall be implemented as necessary. The first tool used to achieve this rebalancing shall be regular cash flows. After that, manager cash and portfolio liquidation shall be used.

When market experience moves the portfolio allocation outside a range of +/- 5% around the target allocation at month end, the Treasurer, Plan Administrator, or investment staff in conjunction with the investment consultant shall consider any necessary action to rebalance back toward the target allocation. Priority of rebalancing shall be asset class before style or individual manager.

After a thorough review of the expected risk and return of various asset mixes, the Board of Trustees has established the following target asset allocation for all assets of the City of Jacksonville Retirement System:

| Asset Class | Minimum | Target | Maximum |
|--------------------------|----------------|---------------|----------------|
| Domestic Equities | 20% | 30% | 40% |
| International Securities | 13% | 23% | 25%* |
| Fixed Income | 10% | 20% | 30% |
| Real Estate | 0% | 15% | 20% |
| Diversifying Assets** | 0% | 12% | 20% |
| Cash | 0% | 0% | 10% |

*Statutory Maximum

**ex.) Includes private equity, private credit, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources)

INVESTMENT GUIDELINES

Sections 112.661 and 215.47, Florida Statutes, describe the permissible investments for the System and limitations on investments. Section 120.103, Jacksonville Ordinance Code, authorizes the Board to establish allocations containing permissible investments to those defined by this Policy, within the limits set forth by statute. The following broad investment guidelines contain both a restatement of those sections and additional limitations. They also may be modified as set forth in any individual investment manager instructions, to the extent approved by the Board and permitted by applicable ordinances and statutes.

EQUITY SECURITIES

Permitted Securities:

The following are permissible investments:

- All equity investments shall be limited to fully and easily negotiable equity securities that are listed on a national exchange.
- Permissible investment vehicles shall include equity separate accounts and commingled vehicles consisting of those common stocks, preferred stocks and convertible securities.
- American Depositary Receipts are permissible in domestic equity portfolios.
- American Depositary Receipts and Global Depositary Receipts are permissible in international equity portfolios.
- Other equity securities listed in the Equity Guidelines below.

Equity Guidelines

- 1) The total equity portfolio may not exceed 80% of the Fund's assets measured at market value.
- 2) The total portion of the Fund's international equity holdings combined with non-US dollar corporate bonds may not exceed 25% of the Fund's assets measured at market value.
- 3) No more than 10% of the market value of the total equity portfolio may be invested in the combined common stock, preferred stock or convertible securities of any one company.
- 4) Investments in shares of companies that have been publicly traded for less than one year are limited to no more than 10% of the market value of the total equity portfolio.
- 5) American Depository Receipts are permissible in domestic equity portfolios and are limited to 15% of a manager's portfolio.
- 6) Exchange Traded Funds or index fund investments are permitted.
- 7) No individual equity strategy/mandate, measured at market value, shall have an economic sector weighting which exceeds the greater of either 30% or 2 times the sector weight of the underlying benchmark. Exceptions can be made, at the Board's discretion, should the strategy/mandate require greater allowance.
- 8) Not more than 75 percent of the Fund may be in internally managed common stock.
- 9) A total return goal of the domestic equity composite, net of fees, is to exceed the return of the Russell 3000 Index over a market cycle (roughly 7 years).
- 10) The total return goal of the international equity composite, net of fees, is to exceed the return of the MSCI All Country World EX-US Index over a market cycle (roughly 7 years).
- 11) Sections 112.661(5) and 215.47 of the Florida Statutes shall guide the Equity Guidelines and supersede all conflicts in the Investment Policy.

FIXED INCOME SECURITIES

Permissible Securities:

The following are permissible investments:

- Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.
- Florida State bonds pledging the full faith and credit of the state and revenue bonds additionally secured by the full faith and credit of the state.
- Bonds of the several counties or districts in the state containing a pledge of the full faith and credit of the county or district involved.
- Bonds issued or administered by the State Board of Administration secured solely by a pledge of all or part of the 2-cent constitutional fuel tax accruing under the provisions of s. 16, Art. IX of the State Constitution of 1885, as amended, or of s. 9, Art. XII of the 1968 revised State Constitution.
- Bonds issued by the State Board of Education pursuant to ss. 18 and 19, Art. XII of the State Constitution of 1885, as amended, or to s. 9, Art. XII of the 1968 revised State Constitution, as amended.
- Bonds issued by the Florida Outdoor Recreational Development Council pursuant to s. 17, Art. IX of the State Constitution of 1885, as amended.
- Notes, bonds, and other obligations of agencies of the United States.
- Other bonds listed in the Fixed Income Guidelines below.

Fixed Income Guidelines

- 1) At a minimum, 80% of the total fixed income portfolio shall be rated "investment grade" or higher. The Board defines investment grade as "BBB-", "Baa3" or their equivalent, as rated by a Nationally Recognized Statistical Rating Organization. In the event of a split rating, the security must be rated "BBB-", "Baa3" or their equivalent by at least two investment rating agencies to be considered investment grade. The lower rating will be used if the investment is rated by two ratings agencies.
- 2) Permissible securities shall include fixed income separate accounts and commingled vehicles consisting of those US Treasuries and Agencies, corporate bonds, mortgage-backed securities, asset backed securities and convertible securities listed below.
- 3) Investments in corporate bonds issued by a non-US corporation of commercial entities shall not exceed 25% of the market value of the total fixed income portfolio. This limitation shall not apply to US dollar-denominated securities listed and traded on US exchanges.
- 4) The total value of the securities of any single non-US Government issuer shall not exceed 5% of the market value of the total fixed income portfolio.
- 5) Investments in Collateralized Mortgage Obligations (CMOs) shall be limited to 25% of the market value of the total fixed income portfolio.

- 6) There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
- 7) Investments in Commercial Mortgage Backed Securities (CMBS) are permitted, provided they are rated AAA by a major rating service. However, the total value of all CMBS investments shall not exceed 25% of the market value of the total fixed income portfolio.
- 8) All fixed income investments shall be limited to fully and easily negotiable fixed income securities, unless specifically authorized by the Board.
- 9) Investments in convertible bonds shall be limited to 10% of the market value of the total fixed income portfolio. However, any convertible bond investments should be liquidated at the time of conversion so as to avoid the fixed income managers holding equity securities in a fixed income portfolio.
- 10) Structured notes may not be held in the fixed income portfolio.
- 11) The following are limited to 25% or less of the Fund:
 - A. Bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of this state, if the obligations are rated investment grade by at least one nationally recognized statistical rating organization.
 - B. Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.
 - C. Mortgage securities which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.
 - D. Group annuity contracts of the pension investment type with insurers licensed to do business in this state which are rated investment grade by at least one nationally recognized rating service.
 - E. Fixed-income obligations not otherwise authorized by this section issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities, if the obligations are rated investment grade by at least one nationally recognized rating service.
 - F. A portion of the funds available for investment pursuant to this subsection may be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

- G. Obligations of agencies of the government of the United States, provided such obligations have been included in and authorized by the Florida Retirement System Defined Benefit Plan Investment Policy Statement established in Section 215.475, Florida Statutes.
 - H. United States dollar-denominated obligations issued by foreign governments, or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.
 - I. Asset-backed securities not otherwise authorized by this section.
- 12) Not more than 25 percent of the Fund may be invested in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entities having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the Board.
- 13) The total return goal of the fixed income composite, net of fees, should exceed the return of the Bloomberg Barclays US Universal Bond Index over a market cycle (roughly 7 years).

REAL ESTATE

Permissible Investments:

Certain interests in real property and related personal property, including mortgages and related instruments on commercial or industrial real property, with provisions for equity or income participation or with provisions for convertibility to equity ownership; and interests in collective investment funds are permissible investments. Associated expenditures for acquisition and operation of assets purchased under this provision or of investments in private equity or other private investment partnerships or limited liability companies shall be included as a part of the cost of the investment.

1. The title to real property acquired under this paragraph shall be vested in the name of the Fund.
2. For purposes of taxation of property owned by the Fund, the provisions of Section 196.199(2)(b), Florida Statutes, do not apply.
3. Real property acquired under the provisions of this paragraph shall not be considered state lands or public lands and property as defined in Florida Statutes Chapter 253, and the provisions of that chapter do not apply to such real property.

Real Estate Guidelines

Core Real Estate funds are to have the following complementary objectives:

- Investments are typically comprised of well-leased, high quality, income producing institutional properties, such as office buildings, retail centers, industrial parks, apartments, and hotels, that are held until such time as determination is made by the fund manager to dispose of such properties at acceptable market rates.

Non Core Real Estate funds, comprised of both Opportunistic and Value-Added investments, are to have the following complementary objectives:

- Investments are typically commercial properties requiring redevelopment or repositioning for alternative use or upgrade. These properties have the potential for increases in tenant occupancy rates and leasing income attained from capital improvements and effected property management, over the projected holding period.
- 1) Notwithstanding the restrictions and limitations set forth in paragraphs 1 and 2 of the "Equity Securities" section above or elsewhere in this Policy and when deemed appropriate by the Board, real estate investments may be made in any legally permissible real estate investment vehicles, including, but not limited to, individual property investments, joint ventures, commingled funds, including insurance company separate accounts, real estate investment trusts (REIT's), master limited partnerships (MLPs), limited partnerships and limited liability companies, in an amount up to 25% of the Fund.
 - 2) The Board shall seek to diversify its real estate portfolio by property type (multi-family residential, industrial, office, retail, , etc.), property location (geographic region), tenant dominance (avoiding tenants all belonging to the same company or industry) and strategy (core diversified, value-added, opportunistic).
 - 3) As real estate investments over time are intended to provide, relative to other asset classes, a higher level of income, lower volatility of total return, and lower correlation to other asset classes, leverage is generally limited to 35% at the portfolio level for core investments and 75% at the portfolio level for value-added/opportunistic investments. However, the amount of leverage in a single fund is not constant. It varies as the market value of the properties in the fund varies. In the case of closed-end funds it also varies as the fund matures. In the early days of a Non Core closed-end fund, the fund may utilize very little leverage. But as the properties are accumulated, the borrowing as a percentage of the properties will increase.
 - 4) Any investment or co-investment in a single property shall not exceed one half of one per cent (0.5%) of the Plans' total assets unless specifically permitted by the Board.
 - 5) All real estate investments shall be managed by experienced and qualified professional investment managers as determined by the Board of Trustees in consultation with the Investment Consultant and Staff.

- 6) The total return goal of the Core Real Estate composite, net of fees, is to exceed the NCREIF ODCE index over a market cycle (roughly 7 years). The total return goal of the Non Core Real Estate composite, net of fees, is to exceed the NCREIF ODCE index + 2% premium, over a market cycle (roughly 7 years).

CASH EQUIVALENT SECURITIES

The following are permissible investments:

Permissible Securities:

- Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof and having a prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization, provided such savings accounts and certificates of deposit are secured in the manner prescribed in Florida Statutes Chapter 280.
- Bonds issued by the Florida State Improvement Commission, Florida Development Commission, Division of Bond Finance of the Department of General Services, or Division of Bond Finance of the State Board of Administration.
- Notes, bonds, and other obligations of agencies of the United States.
- Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.
- Time drafts or bills of exchange drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, which are accepted by a member bank of the Federal Reserve System and are of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
- Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
- Short-term obligations not authorized elsewhere in this section to be purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.
- Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or

instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

Cash Equivalent Guidelines

- 1) The investment managers may invest only in the following short-term investment vehicles, for the purposes of cash equivalents:
 - a) The money market or STIF provided by the System's custodian.
 - b) Direct obligations of the United States Government or its agencies with a maturity of one year or less.
 - c) Repurchase agreements which are fully collateralized by direct obligations of the United States Government.
 - d) Commercial Paper issued by United States corporations which has a maturity of 270 days or less and that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's.
 - e) Bankers Acceptances issued by prime money center banks.

USE OF FUTURES AND OPTIONS

The System and any of its external managers are authorized to buy and sell futures and options, provided the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission, unless the Board by rule authorizes a different market. Use of futures and options for speculative purposes is prohibited.

COMMINGLED AND MUTUAL FUNDS:

The Board recognizes and accepts that investments in commingled funds, common trust funds, mutual funds, limited partnerships, limited liability companies or similar investment vehicles shall be governed by the investment policies and guidelines of those funds and that no additional constraints may be imposed on them as they are frequently serving as fiduciaries to the investment vehicle itself of which the Fund holds an interest. The decision to invest Fund assets in any such fund shall only be made by the Board after a thorough review of the investment policies contained in the prospectus, trust document, offering memorandum or other governing documents of those funds, and after it has been determined that those policies are appropriate and generally consistent with the investment objectives of the System.

DIVERSIFYING ASSETS:**Permissible Strategies:**

The following are permissible investments:

- For purposes of this Policy, "diversifying assets" shall mean investments in private equity, private credit, long-short equity or debt, event driven, relative value, or tactical trading strategies, MLPs, real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources) and shall also include other investments that generally are not publicly traded or which are managed through private investment vehicles.
- In general, the aforementioned strategies involve the purchase and sale of all types of public and privately traded securities, currencies, options, futures and private placements. These strategies may also include the short sale of securities and the use of leverage and other types of derivatives.
- Private equity investments may include sub strategies such as venture capital, growth equity, and buyouts. Investments are typically accessed directly, through partnerships or through a fund of funds approach, which provides an investment vehicle that is well diversified by sub-asset class (e.g. venture capital vs. buyouts), investment style (e.g. early vs. late stage, mid-market vs. large cap market) and vintage year.
- Private Credit investments may include sub strategies such as direct lending, asset-backed debt, specialty finance, special situations, and distressed debt. Investments are typically accessed directly, through partnerships or through a fund of funds approach.
- In general, real assets includes the purchase and sale of an equity or debt interest in natural resources (such as oil and gas development, energy and power infrastructure, agriculture, and metals and mining), commodities (agriculture, energy, industrial metals, livestock and precious metals), timberland, farmland, and water rights. These investments may be made in publicly traded securities, such as master limited partnerships (MLPs) or in private investment vehicles, such as limited partnerships.

Diversifying Assets Guidelines

1. The long-term role of diversifying assets is to improve the risk-adjusted return of the overall portfolio by increasing the long-term expected return above what would be normally available using only conventional securities and reducing overall portfolio volatility through use of a diversified set of strategies and the inherent smoothing of private valuation methods. The long-term nature of private investments and vintage year diversification shall be emphasized so that the System, as a long-term investor, may properly take advantage of the private

negotiation of transactions and the illiquidity premium associated with such private investments.

2. Prior to making any investment in diversifying assets, the sub-strategy investments will be evaluated, by the Board, based on their singular characteristics and their incremental value to the total Fund. Any "lock-up" periods shall be appropriate given the underlying strategy.
3. The Board understands that there are certain additional risks associated with investing in private investments, such as: the long-term nature and illiquidity of the investment; the complexity of the strategies employed; the higher cost and delay of investment return to the System (e.g. "J-curve effect"); the possible lack of full public disclosure of certain financial information; and the labor intensive nature of private investment programs for plan sponsors to implement and monitor. However, the Board has determined that possible reward outweighs the possible risks and has also determined that the long-term role of diversifying assets, is consistent with the System's Policy.
4. In private equity, private credit and real asset investing there is the risk of sustaining a complete loss on any of the individual company investments. The Board understands and expects that while specific investments may incur losses of all or part of invested capital, a diversified portfolio of holdings should produce a positive rate of return in excess of that available from public securities. Therefore, the System shall prudently diversify its private investment program in a manner consistent with professionally managed institutional private programs, as recommended by its Investment Consultant or Staff, so as to decrease the likelihood of loss. The private investments, in aggregate, will be prudently diversified by having broad exposure across the sub-strategies listed above. Further, the private investments, in aggregate, shall be diversified by: industry groups, company, number of transactions, stage of company maturity, form of investment, geography and time (vintage year diversification). Investment in non-US limited partnerships is permitted.
5. Over commitment: The implementation of any private investment, such as private equity and private credit, by the System shall be made over time so as to increase vintage year diversification. The timing of new commitments shall be spread out so as to avoid undue concentration of commitments in any one year. Over the long-term, it is expected that varying amounts of new funding will be committed each year to increase diversification. The Board recognizes that it will be necessary to make capital commitments in excess of the target allocation for private investments in order to achieve the target allocation and subsequently maintain it. The investment consultant shall monitor the amount of capital committed, drawn, invested and distributed and make a recommendation to the Board as to the amount of new commitments to be made each year.

6. Each fund shall be invested and diversified according to each fund's legal documentation. Accordingly, at the composite level, no limitations shall be imposed on any single partnership, strategy, or investment.
7. Public Records Request: The Board recognizes that periodically a request for information under a state statute or local ordinance "Public Record Request" may be made concerning the System's private investments. The Board believes that public disclosure of certain information about the System's private investments, especially financial information of the underlying companies held by limited partnerships, may materially harm the System's investments. Therefore the Board has adopted the following procedure in the event such a request is made: Public disclosure of the System's private investment shall be limited to the following: the identity of each fund; the amount of capital committed, invested and returned for each fund; the internal rate of return for each fund; any information disclosed by the fund to the Board in the Board's regular, open meetings, and as otherwise may be required by law.
8. The total return goal of the privately traded diversifying assets investments should be to produce a dollar-weighted return (internal rate of return or IRR) that exceeds a public market equivalent (PME) dollar-weighted return of a market index appropriate for the private strategies utilized over a full market cycle. Where possible, peer comparisons shall be made using statistically valid performance universes with the expectation that performance will rank above median in vintage year periods.
9. The total return goal of the publicly traded diversifying assets investments, or for which a valid investable index or peer universe exists, should be to exceed the return of a blended index using appropriate indices weighted to reflect Policy weights of the respective strategies, net of fees.

COMPLIANCE PROCEDURES

In the event a security falls out of compliance with the investment manager's specific investment guidelines after purchase, the investment manager may continue to hold the security to avoid a "fire sale" scenario subject to the following:

- The securities must be permissible under Sections 112.661(5) and 215.47, Florida Statutes.
- The investment must represent no more than 2% of the investment manager's portfolio and the overall investment in the security across all managers' portfolios must not exceed 2% of the Fund's aggregate investment portfolio.
- Immediate notification shall be provided to the City's Treasurer and Chief Financial Officer ("CFO"), including a summary of the type, magnitude, and risk of such variance to the specific investment manager's guidelines.

- If the Treasurer and CFO both agree with the assessment, the request shall be referred to the Chairman of the Board for approval. If at any step during this process the retention of the security is not approved, Treasury staff and the investment consultant shall work with the investment manager to decide on the best manner of liquidation.
- Unless approved by the Chairman of the Board, a non-compliant security may not be retained beyond 30 days following the end of the quarter in which the non-compliance was discovered.
- If retention of the security is approved, the CFO shall send written acknowledgement to the applicable manager granting such exception to the Policy, which shall include the following:
 1. Defined enhanced reporting requirements for the manager regarding the specific investment holding which is an exception to the investment manager's specific guidelines, including:
 - a. Impact to the liquidity of the holding and portfolio managed, and
 - b. Impact on the return on the portfolio managed under the expected outcome and under the worst-case scenario.
- Updates on the status of each security which is subject to a Policy exception shall be presented by the investment manager to the city's Treasurer at least monthly.
- Exceptions to the investment manager's specific guidelines shall be reported to the Board, and shall be included in the investment consultant's quarterly investment report. The Board shall have the ultimate authority over whether the exception should be approved or not.

SECTION 112.661, FLORIDA STATUTES

The Board has adopted the following additional provisions to comply with Section 112.661, Florida Statutes:

EXPECTED ANNUAL RATE OF RETURN: For each actuarial valuation the Board shall determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination is to be filed with the Department of Management Services, the plan sponsor and the consulting actuary.

MATURITY AND LIQUIDITY REQUIREMENTS: The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To the degree reasonable, an attempt shall be made to match investment maturities with anticipated cash flow requirements.

THIRD-PARTY CUSTODIAL AGREEMENTS: Securities should be held with a third party, and all securities purchased by, and all collateral obtained by, the board should be properly designated as an asset of the board. No withdrawal of securities, in whole or in part, shall

be made from safekeeping except by an authorized member of the board or the board's designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, to the extent possible, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

MASTER REPURCHASE AGREEMENT: All approved institutions and dealers transacting repurchase agreements shall perform as stated in the Master Repurchase Agreement.

BID REQUIREMENT: To the extent reasonable, the Board shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid is to be selected.

INTERNAL CONTROLS: The Board shall establish a system of internal controls which shall be in writing and be a part of the Board's operational procedures. These internal controls are designed to prevent losses of funds, which might arise from fraud, error, and misrepresentation, by third parties or imprudent actions by the Board or employees of the plan sponsor.

CONTINUING EDUCATION: The Board encourages continuing education of its members in the areas of investments and Board responsibilities.

REPORTING: The Custodian's valuation report is to be filed annually with the plan sponsor. This report is also available to the public.

FILING OF INVESTMENT POLICY: Once adopted by the Board, this Policy shall be promptly filed with the Department of Management Services, plan sponsor and consulting actuary. The effective date of this Policy and any amendment thereto shall be the 31st calendar day following the filing date with the plan sponsor.

VALUATION OF ILLIQUID INVESTMENTS: The Board defines an illiquid investment as one for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. Should an investment become illiquid or in the event that the fund acquires an illiquid investment, the Board shall develop the methodology for valuation as set forth in the criteria in Section 215.47(6), Florida Statutes (the SBA/FRS methodology for valuation).

PERFORMANCE EVALUATION

The Board shall review the investment activities and investment performance of the System and each portfolio manager on a regular basis to assure compliance with the goals, objectives and guidelines contained in this Policy. The System's outside investment consultant shall assist the Board in interpreting investment results and assessing investment manager performance.

Investment performance shall be measured on at least a quarterly basis. Performance benchmarks shall include those stated in the Investment Objectives section above as well as comparisons to similar types of funds with similar market value and asset allocation.

Investment performance shall be compared using a statistically valid universe provided by the investment consultant as authorized by the Board. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this Policy.

While the Board intends to fairly evaluate the portfolio performance, it reserves the right to change investment managers, without liability except payment of current charges, for any reason which in the exercise of the Board's discretion is deemed sufficient, including but not limited to those stated below.

1. Change of the Board's investment philosophy;
2. Poor results, including but not limited to, a manager's full-market-cycle (roughly 7 years) returns underperforming relative to the appropriate benchmark for three or more consecutive quarters;
3. Failure to meet stated performance goals as described in the investment manager's specific guidelines or this Policy, and/or as measured against the appropriate benchmark or relevant manager universe;
4. Failure to meet the Board's communication and reporting requirements;
5. Deviation from the stated investment philosophy or style for which the investment management firm was hired; or
6. Change of decision-making personnel or ownership of the investment management firm.

Investment managers shall communicate with the Board and investment consultant as follows:

1. Provide portfolio valuation and transaction listings on at least a quarterly basis as stated above.
2. Meet at least annually with the Board, its Staff or investment consultant or as requested by the Board.
3. Communicate as outlined in this Policy regarding all other issues.

Board communication with investment managers:

1. On a timely basis, the Board shall provide the investment managers with changes to this Policy.
2. The Board shall also communicate as needed with the investment managers to:
 - a. Review and discuss any modifications and changes to the Plans' investment objectives, goals and guidelines;

- b. Identify any significant anticipated changes in the Plans' cash flow, liquidity requirements or plan circumstances; and
- c. Any other matter, which may bear upon the Plans' assets managed by a particular manager.

This Policy as well as the Plans' circumstances shall be reviewed annually by the investment consultant with the Board and possibly revised periodically to ensure this Policy continues to reflect the Board's objectives, goals, philosophy, etc.

The Board shall periodically review:

1. The Fund's asset allocation in light of the consultant's current capital markets assumptions.
2. Actual investment results to determine whether the Fund's asset allocation remains reasonable and each manager's decision-making process remains consistent with the style and methodology for which the manager was originally retained.
3. The investment manager's proxy voting procedures and proxy voting records.
4. Commissions generated, commission rates charged and firms used by the investment managers to execute trades.
5. Manager fee schedules.

REVIEW OF POLICY

It is the intention of the Board of Trustees to review this Policy periodically and to amend it to reflect any changes in philosophy or objectives. If at any time any investment manager believes that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, then such manager shall notify the Board in writing of the specific objection so that the Board may consider revising this Policy subject to applicable ordinances and statutes.

Amended this 1st day of July, 2021.

DAVID KILCREASE
SECRETARY - BOARD OF TRUSTEES
CITY OF JACKSONVILLE EMPLOYEES RETIREMENT SYSTEM

APPENDIX**SAMPLE INVESTMENT MANAGER INSTRUCTIONS****Policy:**

The portfolio under the supervision of sample manager is intended to be a domestic equity portfolio.

Sample manager has been hired to pursue an investment style, which the Board has defined as a large cap value, domestic equity style. The Board has selected this investment style to be different, yet complement the other domestic equity managers employed. Sample manager is expected to produce investment returns that are 100 basis points over the Russell 1000 Value Index on an annualized basis over rolling three-to-five-year periods, net of fees and rank above median compared to their style peers over the same period. It is understood that investment returns are not guaranteed.

Guidelines:

- A. The portfolio shall be a large cap value, domestic equity portfolio. Sample manager may purchase short-term cash equivalent instruments, which for the purpose of measurement, shall be treated as equity reserves, not as fixed income securities. Convertibles are also permissible; however, they shall be treated as equities as well. The portfolio is expected to remain fully invested.
- B. It is sample manager' decision as to whether or not to utilize the Short-Term Investment Fund offered by the custodian, or another cash equivalent vehicle, and in doing so, is responsible for assessing the credit worthiness and relative return attractiveness of any alternative to the custodian's STIF used.
- C. Sample manager may use exchange-traded funds such as S&P Depository Receipts ("Spyders") for the purpose of short-term equitization of unused funds, including cash in the account due to a contribution or pending withdrawal.
- D. The portfolio shall be adequately diversified according to the internal policies established by sample manager regarding individual securities and industries to avoid the undue risk inherent in non-diversified holdings. In addition to the limitations set out in the Guidelines, the following limitations shall apply:
 1. Exposure to any single economic sector is limited to the greater of: 30% or 2X the sector weight in the underlying benchmark (listed below) based on market value.

2. American Depository Receipts are permissible but are limited to a maximum of 15% of the portfolio based on market value.
- E. The portfolio performance shall be measured on a total return basis, which includes both income and change in market value.
- F. Sample manager shall be reviewed quarterly based on the following:
1. Adherence to style risk assignment, including portfolio characteristics relative to those of the benchmark.
 2. The value-added over the Russell 1000 Value Index.
 3. The trend of value-added over the Russell 1000 Value Index.
 4. The value-added over median similar style investment managers.

These guidelines are not to be construed as restrictive to sample manager' ability to follow the strategies it considers are the most appropriate given the Board's directives contained in the Investment Policy and these Instructions, but rather as an exercise of the Board's fiduciary responsibility. If at any time sample manager feels that the Policy or these Instructions are unrealistic, or may be a hindrance in pursuing their investment style, the Board and the investment consultant are to be notified immediately in writing.



Memorandum

| | |
|---------|---|
| To | City of Jacksonville Employees' Retirement System ("COJ") |
| From | RVK, Inc. ("RVK") |
| Subject | Proposed Transition Plan – Annual Pension Reimbursement |
| Date | July 22, 2021 |

Background

The purpose of this memo is to discuss a plan to raise approximately \$135M to fund the COJ's annual pension reimbursement (estimated to be \$125M) due in September 2021 and near-term capital call needs (estimated to be \$10M). Please note both figures reflect Staff's best estimate at this time, but it is possible the final amount may fluctuate modestly. In turn, any recommendations below would be adjusted accordingly by Staff, in conjunction with RVK, prior to execution.

The portfolio asset allocation vs. target as of June 30, 2021 is shown below in **Figure 1**. RVK and Staff recommend the majority of the raise be sourced from the MLP allocation. The timing of the reimbursement combined with the recent decision to exit the asset class makes this an ideal opportunity to liquidate both MLP mandates and move the Plan closer to its current IPS targets. For the remainder of the cash raise, RVK and Staff recommend the US Equity allocation be utilized. The portfolio is currently 8.4% overweight its target to US Equity. Given the relative overweight, coupled with the relative ease of obtaining liquidity within the asset classes, and the goal of bringing the portfolio closer to its long-term targets, we believe this approach to be the most prudent.

| Figure 1: Asset Allocation as of June 30, 2021 | | | | | |
|--|-------------------|--------------------|-----------------------|-----------------------------|--|
| Asset Class | Target Allocation | Current Allocation | Difference vs. Target | Post Transaction Allocation | Post Transaction Difference vs. Target |
| US Equity | 30.0% | 38.4% | 8.4% | 38.6% | 8.6% |
| International Equity | 23.0% | 24.4% | 1.4% | 25.6% | 2.6% |
| Fixed Income | 20.0% | 17.4% | -2.6% | 18.3% | -1.7% |
| Real Estate | 15.0% | 14.5% | -0.5% | 15.2% | 0.2% |
| Diversifying Assets | 12.0% | 5.3% | -6.7% | 1.9% | -10.1% |
| MLP's | 0.0% | 3.4% | 3.4% | 0.0% | 0.0% |
| Timber | 0.0% | 1.1% | 1.1% | 1.2% | 1.2% |
| Private Equity | 7.0% | 0.5% | -6.5% | 0.5% | -6.5% |
| Private Credit | 5.0% | 0.2% | -4.8% | 0.2% | -4.8% |
| Cash & Other | 0.0% | 0.1% | 0.1% | 0.4% | 0.4% |

Transition Plan

Figure 2 details RVK's proposed plan to redeem approximately \$93M from the City's two MLP

mandates – Harvest and Tortoise – and sourcing the remaining \$42M from US Equity. The combination of the aforementioned includes the recommendation to raise an additional \$10M, which will be transitioned to Cash, in order to fund upcoming capital calls for Private Equity and Private Credit. Post transaction, the MLP allocation will be at its targeted 0%, while US Equity will remain overweight its respective target by 8.6%. Furthermore, within US Equity, the proposed transactions seek to maintain sub-asset class overweight's that are relatively equitable to established targets, inclusive of maintaining both the existing small cap equity overweight as well as a relatively style neutral positioning.

Figure 2: Transition Proposal

| Asset Class | Current Market Value | % of Asset Class | Total Transition | Post Transition Market Value | Post Transition % of Asset Class |
|---|------------------------|------------------|----------------------|------------------------------|----------------------------------|
| US Equity | \$1,040,895,939 | | -\$42,000,000 | \$998,895,939 | |
| Eagle Capital Large Cap Value (SA) | \$268,491,074 | 25.8% | -\$4,000,000 | \$264,491,074 | 26.5% |
| Mellon Large Cap Core Index (CF) | \$290,416,096 | 27.9% | -\$26,600,000 | \$263,756,096 | 26.4% |
| Loomis Sayles Large Cap Growth (CF) | \$202,126,958 | 19.4% | \$0 | \$202,126,958 | 20.2% |
| BNYM DB SL Small Cap Value Stock Index (CF) | \$116,982,299 | 11.2% | \$0 | \$116,982,299 | 11.7% |
| Pinnacle Associates US SMID Cap Growth (SA) | \$162,879,511 | 15.6% | -\$11,340,000 | \$151,539,511 | 15.2% |
| Diversifying Assets | \$142,756,809 | | -\$93,040,407 | \$49,716,402 | |
| Harvest Fund Advisors MLP (SA) | \$49,557,631 | 34.7% | -\$49,557,631 | \$0 | 0% |
| Tortoise Capital Advisors (SA) | \$43,482,776 | 30.5% | -\$43,482,776 | \$0 | 0% |
| Hancock Timberland | \$30,604,373 | 21.4% | \$0 | \$30,604,373 | 61.6% |
| Private Equity | \$14,157,892 | 9.9% | \$0 | \$14,157,892 | 28.5% |
| Private Credit | \$4,954,137 | 3.5% | \$0 | \$4,954,137 | 10.0% |
| Cash | \$1,431,458 | | \$10,040,407 | \$11,471,865 | |

Market values and allocations as of June 30, 2021. Allocations shown may not sum to 100% exactly due to rounding.

Conclusion & Next Steps

Specific to the MLP liquidation, RVK believes the use of a transition manager, from an execution transparency, reporting, and consolidated liquidation perspective, is preferable to having the legacy managers liquidate their respective accounts. Furthermore, the City already has two existing transition management agreements in place that could be leveraged.

Should the Board approve the plan as outlined, RVK will work with Staff over the next month, to solicit transition management bids for the MLP liquidation event, and return to the Board a provider recommendation in August, based on the bid solicitation process. It is our expectation that we would seek to begin such an event sometime in September 2021 to align with US Equity cash raise and timing of pension reimbursement need. At that time, RVK will assist Staff with finalizing the transactions figures, and Staff will execute the transactions accordingly.



Memorandum

| | |
|---------|--|
| To | City of Jacksonville Employees' Retirement System |
| From | RVK, Inc. |
| Subject | Eagle Capital Management Investment Guideline Change Request |
| Date | July 22, 2021 |

Background

The purpose of this memo is to outline a recent request received from Eagle Capital Management ("Eagle") specific to their investment guidelines applied to the mandate managed on behalf of the City of Jacksonville Employees' Retirement System ("City of Jacksonville ERS" or the "City") and provide a related recommendation. Currently, Eagle manages a large cap value equity mandate for the City. As of June 30, 2021, mandate assets stood at approximately \$270 million.

Request

Eagle has requested additional flexibility specific to the current maximum sector and position size limits within the investment manager agreement ("IMA"). These limits are raising the risk that the City's Portfolio could begin differing significantly from Eagle's model portfolio (i.e. their best ideas portfolio). Eagle has indicated that the requested changes to the City's IMA are consistent with the vast majority of their existing client IMAs. The two requested changes are outlined below.

- First, specific to sector limits, Eagle has requested to change the City's restriction to "generally 35%" for sector concentration. Currently, the sector limit is a hard 35%.
- Second, specific to maximum position size, Eagle has requested to change the City's restriction to "generally 10%" for position sizes. Currently, the single maximum position size limit is a hard 8%.

Recommendation

As a general rule of thumb, RVK prefers the use of explicitly defined limits within an IMA (e.g. hard limits or +/- a given benchmark) as more open-ended language can be left to varying interpretations and unintended consequences. Furthermore, we recognize that benchmark composition evolves over time, which may lead to the need to recalibrate guidelines. Doing so can be necessary and prudent, but ultimately, we prefer to make those changes incrementally.

To that end, specific to the sector limit request, rather than using the proposed language of "generally 35%," RVK and Staff would be comfortable increasing the sector limit to 40%, recognizing certain sectors in the Russell 1000 Value are near or north of 20% today. Thus, allowing the manager to express its convictions and hold around a 2X sector weight. Today, where the strategy is currently hitting up against its guidelines is within the Communication Services



sector, currently a 33% weight in the Portfolio and a 9% weight in the Index. RVK observes this type of positioning quite commonly, where a manager will overweight the Communication Services sector, while being underweight the Technology and/or Consumer Discretionary sectors, given there are some high correlations between stocks in these three groups. Of note, Eagle is actually fairly underweight the Technology sector, so the divergence versus the Index is actually reduced when one combines the allocations to the Communication Services and Technology sectors.

Specific to the single stock limit request, rather than using the proposed language of “generally 10%,” RVK and Staff would be comfortable increasing the limit to a hard 10%. This flexibility is fairly common in the US large cap equity space, especially among concentrated managers. The end goal is for the City to benefit from the manager’s highest conviction investments via their model portfolio, while also being in full agreement regarding the maximum allowances.

Next Steps

Should the Board approve the above-mentioned recommendations in response to the requested changes, RVK will work with Staff and the manager to effectuate the changes.

2020-529

2021 Limited Retirement Option

UPDATED 7/1/2021

Employee Communications

| Employee Communication | Audience | Method | Target Date | Actual Date | Comments |
|---|---------------------------------|-----------------|-------------------|-------------------|--|
| General Information and FAQs for CITY/JHA | All GEPP Active Members | E-mail, Web | 3/11/2021 | 3/11/2021 | Post to pension portal, COJ websites. COJ intranet, JEA TBD based on union negotiations |
| General Information and FAQs for JEA | All GEPP Active Members | E-mail, Web | 3/19/2021 | 3/15/2021 | |
| Estimated LRO Benefits for CITY/JHA Employees | LRO Eligible CITY/JHA Employees | Mail, Portal | 4/1/2021 | 3/30/2021 | ESTIMATED benefit options provided for April 10, 2021 or earliest eligible date using end of pay-period |
| CITY Employee Q&A Meetings | LRO Eligible CITY/JHA Employees | Zoom/in person | 4/6/2021-4/7/2021 | 4/6/2021-4/7/2021 | |
| Estimated LRO Benefits for JEA Employees | LRO Eligible JEA Employees | Mail, Portal | 5/1/2021 | 4/29/2021 | ESTIMATED benefit options will be provided for May 8, 2021 or earliest eligible date using end of pay-period |
| JEA Employee Q&A Meetings | LRO Eligible JEA Employees | WebEx/in person | Early May | 5/3, 5/4, 5/11 | |
| DEADLINE Reminder E-mail for CITY/JHA Employees | LRO Eligible CITY/JHA Employees | E-mail | 5/20/2021 | 5/21/2021 | |
| Election Window CLOSES for CITY/JHA Employees | LRO Eligible CITY/JHA Employees | Portal | 5/31/2021 | 5/31/2021 | |
| DEADLINE Reminder E-mail for JEA Employees | LRO Eligible JEA Employees | E-mail | 6/23/2021 | 6/25/2021 | |
| Election Window CLOSES for JEA Employees | LRO Eligible JEA Employees | Portal | 6/30/2021 | 6/30/2021 | |

Employees that elect the LRO receive confirmation notices of their elections. Employees also receive final calculations and applications following their election (up through the end the October based on retirement dates).

2020-529

2021 Limited Retirement Option

UPDATED 7/1/2021

LRO Active Member Populations

| Employer | Eligible | Elected LRO | Elected % | Deadline to Elect |
|--------------|------------|-------------|--------------|----------------------|
| CITY | 469 | 82 | 17.5% | May 31, 2021 |
| JHA | 18 | 4 | 22.2% | May 31, 2021 |
| JEA | 298 | 31 | 10.4% | June 30, 2021 |
| TOTAL | 785 | 117 | 14.9% | June 30, 2021 |

LRO Eligibility Categories

| Category | Eligible | Eligible % | Elected LRO | Elected % |
|--------------------------------|------------|-------------|-------------|-------------|
| 20+ Years of Service (Any Age) | 187 | 24% | 29 | 25% |
| 10+ Years of Service (Age 55+) | 534 | 68% | 74 | 63% |
| 5+ Years of Service (Age 60+) | 64 | 8% | 14 | 12% |
| TOTAL | 785 | 100% | 117 | 100% |

LRO Pension Benefit Election

| Election | Elected LRO | % |
|---|-------------|-------------|
| Regular Pension (Maximum Monthly Benefit) | 38 | 32% |
| Reduced Pension with PLOP | 56 | 48% |
| DB to DC Transfer | 23 | 20% |
| TOTAL | 117 | 100% |

| PLOP Elections | # |
|-------------------------------|----|
| Reduced Pension with 5% PLOP | 17 |
| Reduced Pension with 10% PLOP | 7 |
| Reduced Pension with 15% PLOP | 32 |

LRO Retirements By Month

| April | May | June | July | August | September | October |
|-------|-----|------|------|--------|-----------|---------|
| 13 | 23 | 13 | 16 | 6 | 36 | 10 |

2020-529

2021 Limited Retirement Option

UPDATED 7/1/2021

Pension Office Employee Contacts

| Activity | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Phone Calls | 1,813 | 1,573 | 1,851 | 1,832 | 2,002 | 2,745 | 2,683 | 2,601 | 2,468 |
| E-mail Responses | 663 | 412 | 499 | 538 | 530 | 634 | 792 | 532 | 570 |
| Documents Processed | 2,340 | 2,292 | 1,991 | 2,010 | 1,843 | 2,439 | 3,176 | 15,113 | 37,320 |
| Portal Sessions | NA | NA | NA | NA | NA | 3,263 | 6,540 | 5,308 | 4,577 |

Daily Averages

| Activity | Oct-20 to Feb-21 | Mar-21 to Jun-21 | Change |
|---------------------|------------------|------------------|--------|
| Phone Calls | 91 | 121 | +33% |
| E-Mail Responses | 26 | 29 | +12% |
| Documents Processed | 105 | 667 | +535% |
| Portal Sessions | NA | 120 | NA |

**RULES AND REGULATIONS
OF
THE BOARD OF TRUSTEES
OF
THE CITY OF JACKSONVILLE RETIREMENT SYSTEM**

Contents:

- I. Definitions**
- II. Organization of the Board of Trustees**
- III. Advisory Committees**
- IV. Role of City Treasurer, CIO, Plan Administrator, and Pension Office**
- V. Meetings**
- VI. Procedures for the Selection of Professional Services Providers**
- VII. Asset Management**
- VIII. Accounting, Actuarial and Legal Services**
- IX. Membership in the Plans**
- X. Administration of Benefits**
- XI. Procedural Due Process**
- XII. Ethics**
- XIII. Miscellaneous**

PART I – DEFINITIONS

The definitions set forth in Sections 120.201 and 120.301, *Ordinance Code*, shall apply to these Rules and Regulations. The terms “Plan” and “Plans” shall refer to the City of Jacksonville General Employees Retirement Plan and/or the City of Jacksonville Corrections Officers Retirement Plan, as the context requires. The term “System” shall refer to the City of Jacksonville Retirement System, which consists of the Plans and is administered by the Board of Trustees (the “Board”).

PART II – ORGANIZATION OF THE BOARD OF TRUSTEES

1. Authority. The System shall be placed under the exclusive administration and management of the Board. Consistent with such general authority, the Board shall have the authority to retain its own legal counsel, accountants, actuaries, money managers, performance monitors, and other professional advisors to assist the Board in the performance of its duties. The Board shall have the authority to operate, maintain and interpret the provisions of the state laws (Chapters 112 and 215) and local ordinances (Chapter 120, Ordinance Code) establishing the System. All decisions of the Board, made in good faith regarding the implementation of the

Pension Board Rules ~~4/25/2019 BOARD APPROVED~~7/14/2021 DRAFT

provisions of the Plan, shall be final, binding and conclusive on all parties. The Board shall be solely responsible for establishing and executing the System's investment policy and selecting the System's professional advisors.

2. Fiduciary Responsibility. The Board shall act as the named fiduciary of the System as provided under Section 120.102(o), *Ordinance Code*, and under Florida law. In its capacity as a named fiduciary of the Plan, the Board shall discharge its responsibilities solely in the interest of the members and beneficiaries of the Plan for the exclusive purpose of providing benefits to the members and their beneficiaries and to defray the reasonable expenses of the Plan. Board members shall exercise those fiduciary responsibilities with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a similar character and with similar aims. Although the Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), does not apply to the Plan as a governmental retirement plan, it hereby adopts the fiduciary provisions of ERISA as expressed in 29 U.S.C. s. 1104(a)(1)(A)-(C).

3. Composition; Quorum; Majority Vote. The Board shall consist of nine (9) members selected in accordance with Section 120.102, *Ordinance Code*. A quorum for the Board consists of five (5) members. It will take five (5) concurring votes for the Board to take action.

4. Meetings. Regular meetings of the Board are held on the fourth Thursday of each month through October and the third Thursday of each November and December unless determined otherwise by the Board. Special meetings may be held at the request of any member or staff. In recognition of the importance the work of the Board, regular attendance at Board meetings is expected of all Board members. See Part V below for additional meeting requirements.

5. Election of Officers. The October Board meeting shall be designated the organizational meeting. The Board will elect from among its members a Chair, a Vice-Chair and a Secretary, to serve for the year October 1, through September 30. Officers may continue to serve until their replacements are named. The Chair shall be selected from one of the two citizen Board members.

6. Board Committees. The Board may from time-to-time delegate any of its functions to a committee consisting of one or more Board members. Board Committees shall meet in accordance with the provisions of the Florida Government in the Sunshine Law (Chapter 286, Fla. Stat). All Board Committees shall be appointed by the Chairman.

7. Board Rules and Regulations. The Board is authorized by law to establish these and other uniform rules for the operation of the System. No such rule may conflict with any lawful ordinance, charter provision, state or federal law. Accordingly, the Rules and Regulations described herein are adopted only to the extent that they implement, interpret, or make specific the particular powers, duties and responsibilities by the enabling ordinances, charter provisions and State law. All rules shall be in writing and shall be adopted by a majority vote of the Board. The Board shall review its rules on a periodic basis, normally once per year. The Board's rules shall be made

available to Plan members, retirees and beneficiaries upon request and shall be posted on the System's website. All rule changes shall occur at a regular meeting of the Board.

8. Actuarial Valuation Reports to City Council. By law, the Board shall certify to City Council annually the amount the City is to contribute to the System. The City Council shall place said amount in the budget for the succeeding year. As a matter of standard practice, the contribution specified by the Board's actuary in its valuation report to the Board is the amount certified annually to City Council.

9. Collective Bargaining. The Board acknowledges that it is neither an employer organization nor an employer as defined by Chapter 447, Part II, Florida Statutes. Therefore the Board shall not engage in collective bargaining on behalf of the City of Jacksonville or on behalf of any employee organization. The Board shall make itself available as a resource to labor organizations and the City for all matters relating to pension and retirement.

10. Fiduciary Insurance. The Board is authorized by law to purchase fiduciary insurance to insure members of the Board and the Advisory Committees for errors and omissions. All such insurance shall be with recourse if paid for by System monies. This shall not preclude the Board from making individual payments for non-recourse exceptions from sources other than the System.

11. Statements and Reports. The following statements and reports are to be prepared on a routine basis and made available to the public at all times in the Pension Office:

- (a) Summary Plan Description (SPD).
- (b) Annual Actuarial Valuation Report
- (c) Report of Investments.

PART III – ADVISORY COMMITTEES

(A) GENERAL EMPLOYEES' PENSION ADVISORY COMMITTEE

1. Authority. The General Employees' Pension Advisory Committee (the "PAC") shall act as a preliminary investigative arm for the Board and is authorized to hear and investigate various matters and to make recommendations to the Board thereon. The PAC shall have the following administrative duties with regard to the determination of all issues of fact and recommendations for the granting or denial of benefits for its Plan:

- (a) Review and recommend action to the Board on all approved applications for benefits;

- (b) Conduct inquiry into disability applications and recommend final action to the Board;
- (c) Recommend to the Board amendments to the System documents; and
- (d) Such other duties as may be prescribed by the City Charter or Ordinance Code.

The PAC reviews all payments made from the Plan. As a matter of administrative policy and to ensure timely payment of benefits under Sections 120.206(c) and 120.306(c), Ordinance Code, the Pension Office may initiate payments using standard procedures so long as such payments are ratified by the PAC at the next ensuing meeting or in a reasonable timeframe.

2. Composition; Term of Office; Vacancies. The PAC shall consist of seven (7) members. Two (2) members shall be employees of JEA who (i) are members of the Plan; (ii) are the top two individuals with the highest votes from the JEA employee candidates elected by the active contributing general employee members voting in an election, and (iii) shall qualify on the next October 1 (or the first meeting after said election if there is a delay). Four (4) members shall be employees (other than JEA employees) who (i) are members of the Plan, (ii) are the top four individuals with the highest votes from the non-JEA employee candidates elected by the active contributing general employee members voting in an election, and (iii) shall qualify on the next October 1 (or the first meeting after said election if there is a delay). One (1) member shall be a retired person who (i) is a retired member of the Plan, (ii) is elected by membership of the Retired Employees Association voting in an election, and (iii) shall qualify on the first meeting after said election. All elected members shall hold office for the term of two years from their qualification date, or longer in the event that the Board approves an extension due to administrative/technical difficulties in the election of a successor. The Board shall establish uniform rules governing the specifics for each election of PAC members. Vacancies in the PAC will be filled by the number one candidate of the top three runner-up candidates. If for any reason that person cannot or does not want to serve, then the vacancy will be filled by number two candidate. Likewise to number three if number two is unavailable or declines to serve. In the event there are not available candidates as described, the vacancy will be reviewed by staff and legal to determine next steps. Terms for such members will end at the same time as the elected members.

3. Quorum; Majority Vote. A quorum for the PAC consists of four (4) members. It will take four (4) concurring votes for the PAC to take action.

4. Officers. The PAC will elect a Chair and a Vice Chair to serve for the year October 1, through September 30. The PAC may also elect a Secretary for the same term if the PAC determines that doing so will improve the administration of its work. The Vice Chair will conduct all meetings that the Chair is unable to attend. In the event that both the Chair and Vice Chair are absent, a temporary Chair may be appointed with the approval of a majority of members in attendance.

5. Meetings. Unless otherwise agreed, the PAC shall meet regularly on the second Wednesday of each month. Special meetings may be held at the request of any member or staff. See Part V for additional

requirements. The PAC will conduct a workshop meeting within three months after each general election of PAC members. The workshop will be designed to orient and train new PAC members with respect to their fiduciary responsibilities, their obligations under the Florida Sunshine laws, and their other duties as a PAC member. The Plan Administrator and a representative from the Office of General Counsel will assist in the presentations. This information may be shared as part of a regular PAC meeting.

(B) CORRECTIONS OFFICERS’ PENSION ADVISORY COMMITTEE

1. Authority. The Corrections Officers’ Pension Advisory Committee (the “COPAC”) shall act as a preliminary investigative arm for the Board and is authorized to hear and investigate various matters and to make recommendations to the Board thereon. The COPAC shall have the following administrative duties with regard to the determination of all issues of fact and recommendations for the granting or the denial of benefits for its Plan:

- (a) Review and recommend action to the Board on all applications for benefits;
- (b) Conduct inquiry into disability applications and recommend final action to the Board;
- (c) Recommend to the Board amendments to the System documents; and
- (d) Such other duties as may be prescribed by the City Charter or Ordinance Code.

The COPAC reviews all payments made from the Plan. As a matter of administrative policy and to ensure timely payment of benefits under Section 120.306(c), Ordinance Code, the Pension Office may initiate payments using standard procedures so long as such payments are ratified by the COPAC at the next ensuing meeting or in a reasonable timeframe.

2. Composition; Term of Office; Vacancies. The COPAC shall consist of five (5) persons who (i) are active, contributing and certified corrections officers with the 5 highest vote totals, (ii) are members of the Plan, (iii) are elected by the active, contributing members of the Plan voting in an election, and (iv) shall qualify on October 1 (or the first meeting after said election if there is a delay). Each member shall hold office for the term of two years, from their qualification date, or longer in the event that the Board approves an extension due to administrative/technical difficulties in the election of a successor. The Board shall establish uniform rules governing the specifics for each election of COPAC members. Vacancies in the COPAC will be filled by the number one candidate of the top three runner-up candidates. If for any reason that person cannot or does not want to serve, then the vacancy will be filled by number two candidate. Likewise to number three if number two is unavailable or declines to serve. In the event there are not available candidates as described, the vacancy will be reviewed by staff and legal to determine next steps. Terms for such members will end at

the same time as the elected members.

3. Quorum; Majority Vote. A quorum for the COPAC consists of three (3) members. It

will take three (3) concurring votes for the COPAC to take action.

4. Officers. The COPAC will elect a Chair, Vice Chair and Secretary to serve for the year October 1, through September 30. The Vice Chair will conduct all meetings that the Chair is unable to attend. In the event that both the Chair and Vice Chair are absent, a temporary Chair may be appointed with the approval of a majority of COPAC members in attendance.

5. Meetings. Unless otherwise agreed, the COPAC shall meet regularly on the first Tuesday of each month. Special meetings may be held at the request of any member. See Part V for additional requirements.

PART IV –
ROLE OF THE CITY TREASURER, THE CIO, THE PLAN ADMINISTRATOR,
AND THE PENSION OFFICE

1. Overview. Under Section 120.102, *Ordinance Code*, the Board is charged with the sole and exclusive responsibility to administer the System. However, under Section 24.204, *Ordinance Code*, the City Treasurer is given responsibility for the administrative support and financial management of the System. To harmonize these provisions, the Treasurer shall to the extent practicable consult with the Board in the training and evaluation of the Plan Administrator and other Pension Office staff. The Board may retain and compensate any additional professional or technical assistance deemed necessary to aid the Plan Administrator and other Pension Office staff in executing the Board's policies and directives.

2. Treasurer and CIO. The City Treasurer, through the Pension Office, shall be responsible the administrative support and financial management of the System. The Treasurer shall be responsible for maintaining the financial records of the System as directed by the Board.

The Treasurer, and any Chief Investment Officer ("CIO") reporting to the Treasurer, is authorized to transfer funds at such intervals as required to meet the Pension Payroll schedule for disbursement to beneficiaries of the Plans.

The CIO and the Treasurer are authorized to give direction to the authorized custodians of the System's assets on any and all actions with respect to the custodial relationship. Authorized signatures of the Board Chair, the Treasurer and the CIO will be provided to ~~the~~ each custodian as needed. The Board will provide the custodians with written notification of any changes.

3. Plan Administrator. The Plan Administrator shall directly report to the Treasurer. The day-to-day

Pension Board Rules ~~4/25/2019 BOARD APPROVED~~ 7/14/2021 DRAFT

supervision and management of the Pension Office staff shall be delegated to the Plan Administrator. The Plan Administrator shall be responsible for directing the activities of said employees as are reasonably necessary for the efficient performance of the responsibilities of the Plan and for ensuring that their functions are performed in accordance with the standards established by the Board, the Treasurer, and the Chief Financial Officer of the City. The Plan Administrator shall be subject to policies and directives issued by the Board and shall report his or her activities to the Board on a monthly basis when the Board meets. The Plan Administrator shall have no discretionary authority with regard to investments. The Plan Administrator is authorized to initiate the purchase of office supplies, equipment, publications, etc., as may be necessary to promote the discharge of the Plan's operating requirements, subject to budget limitations and any necessary organizational approvals from the Treasurer or CFO. The Plan Administrator shall be responsible for operational procedures, systems and forms for the day to day administration of the System and for the orderly processing of benefits. This shall include, but not be limited to time connections, applications for service and disability retirement, survivorship applications, and returns of contributions. If, in the opinion of the Plan Administrator, circumstances warrant the development and implementation of additional forms and procedures, the Plan Administrator shall have the authority to make the required changes in the procedures and forms. Additional elaboration as to the administrative discretion to be granted to the Plan Administrator is described in the Board's "Statement of Administrative Policy" which is reflected herein as Section IV (3).

4. Statement of Administrative Policy. In an effort to further the goal of providing adequate clarification and direction as to the expected role and administrative discretion to be exercised by the Plan Administrator, the Board adopts the following Statement of Administrative Policy:

- (a) The Board assigns the Plan Administrator with the responsibility and commensurate authority to implement the policies and directives of the Board and to administer the day-to-day operations of the Plan consistent with established rules, regulations, and policies of the Board and in accordance with applicable laws, statutes, Ordinances, Resolutions and Charter provisions.
- (b) The Plan Administrator represents the executive arm of the Board and is authorized to act in the name of the Board in the transaction of routine business on behalf of the Plan.
- (c) The Plan Administrator is authorized to evaluate and make initial determinations of eligibility for benefits and programs, service credits and time connections, service retirement benefits computations, and is authorized to initiate the payment of pension benefits in accordance with the approval process established by the Board.
- (d) The Plan Administrator is authorized to administer the collection of data regarding disability applications and the assembly of data required for a determination of disability benefit eligibility.
- (e) The Plan Administrator is authorized to approve and pay refund requests made by members who have separated from service.

(f) The Plan Administrator will keep the Board informed as to the actions and activities of the Pension Office through appropriate reporting mechanisms.

(g) Questions as to the implementation of rules, regulations and policies of the Board shall be directed to the Plan Administrator who will:

- Adjudicate the question; or
- Refer the question to the Board or Advisory Committee, in the event the question involves a matter of policy not previously established by the Board or where sufficient doubt is raised in the mind of the Plan Administrator as to the proper course of action; or
- Refer the question to the Legal Counsel of the Plan in the event the question involves the need for legal support or guidance.

(h) Questions as to the interpretation of various provisions of the Plan shall be directed to the Plan Administrator who will:

- Obtain or render an interpretation of the section or language involved; or
- Refer the question to the Board or Advisory Committee if it requires a policy decision. In areas where there is no clear interpretation of a condition in the pension laws, it is the Board's final responsibility to interpret the language in the pension laws, and seek the input of Legal Counsel to the Plan, as deemed necessary in resolving the issue; or
- Refer the question to the Legal Counsel of the Plan in the event the condition involves the need for legal support and guidance.

(i) A participant of the Plan who is not satisfied with the determination rendered by the Plan Administrator may request that the case be presented to the ~~Board or~~ Advisory Committee for final ruling. After review of the request, the Board may then grant or refuse to grant a hearing on the matter. (Advisory Committee decisions may also be appealed to the Board.)

(j) A record is to be maintained in the Pension Office covering all administrative and Board decisions or rulings which are of general interest or importance to the operation of the Plan. This record is to be available to the members of the Plan.

(k) The Plan Administrator shall have the authority to amend existing Time Service Connections as set forth in Part X, Paragraph 1(g)(iv).

5. Pension Office. The Treasurer shall establish a City Pension Office to provide administrative support to the Board and the Plan members. The Treasurer, not the Board, is responsible for the hiring of employees in the Pension Office and their supervision through the Plan Administrator. However, to the extent the Board believes the Pension Office is not performing in accordance with the standards established by the Board and by law, the Board shall take all appropriate action to (i) inform the Treasurer and appropriate decision makers in the City, and (ii) recommend corrective actions. The Board may also retain and compensate any additional

professional or technical assistance deemed necessary to aid the Pension Office in executing the Board's policies and directives.

(a) Decision Making Authority. No employee of the Pension Office shall have the authority to bind the Board in any contract or endeavor without the express authority of the Board.

(b) Information Depository. The Pension Office shall be the depository of all System and Plan documents, including the summary plan descriptions, summary annual reports, annual and periodic financial reports, actuarial studies and recommendations, minutes of meetings of the Board and Advisory Committees, Board rules and regulations, all forms used in conducting System business.

(c) Payroll Certifications. Pension Payrolls of the System's trust funds will be reviewed each payment period by the Pension Administrator and made available to the Treasurer, CFO and Board as requested.

(d) Mail. It is expected that all mail received by the System shall be reviewed for any time limitations or response dates. Mail addressed to the System in general and to no specific person shall be directed to the Pension Administrator or an appropriate designated Pension Office member unless otherwise directed by the Board. The Pension Office will make all reasonable efforts to maintain a record of materials received. The provisions of Florida Statute Chapter 119, the Public Records Act, shall be observed in all respects.

(e) Reporting of Fraud. In the event that a perceived fraud has been perpetrated upon the Plan, the staff of the Pension Office shall strive to identify the person or persons committing the perceived fraud and the person or persons aiding or abetting the commission of any such perceived fraud on or to the Plan. Once appropriate documentation has been assembled with respect to the perceived fraud, the Plan shall seek to recover such fraudulently obtained funds and shall make a determination as to whether the facts surrounding the incident warrant the institution of supplemental investigations, the scheduling of administrative hearings, and/or the notification of such incident to the State Attorney's Office for disposition. Based upon the findings and determinations of such above described matters, the perpetrator(s) of such fraudulent activities may be subject to the forfeiture and disqualification for the receipt of pension benefits as provided under Section 112.3173, Florida Statutes, provided such perpetrator(s) is a Member or Beneficiary of the Plan.

PART V -- MEETINGS

The following provisions shall apply to all meetings of the Board, the PAC and the COPAC.

1. Role of the Chair. The Chair will conduct all meetings. The Chairman shall have voting rights the same as any other member of the Board. If the Chair is absent, the Vice Chair will assume those responsibilities. If both the Chair and Vice Chair are absent, a temporary Chair may be appointed with the approval of a majority of members in attendance.

2. Agendas and Meeting Materials. A published agenda shall be prepared for each regular and special meeting. The agenda will set forth those items upon which the Chair anticipates taking action or discussion. The Order of Business at regular meetings shall be as follows, unless changed by a majority of members in attendance:

- (a) ~~(a)~~ Call to Order
- (b) Public Comment
- ~~(c)~~ Approval of Minutes
- ~~(d)~~ New Business (including the Consent Agenda)
- (e) Investment Matters
- ~~(f)~~ Old Business
- (g) Administrative Matters
- ~~(h)~~ Information ~~(including investment updates and administrative updates)~~
- ~~(i)~~ Privilege of the Floor
- ~~(j)~~ Adjournment

The order of presentation may be adjusted at staff and Board discretion.

During the New Business portion of a meeting, a Consent Agendas may be used to approve (i) time service retirement benefit applications and other newly established ongoing payments such as term-vested retirements, term-vested commencements and rehired retirees starting pension payments again, (ii) survivor benefit applications, (iii) pension contribution refunds and other lump-sum payments (iv) credited service purchases, and (v) DROP program activities. The Consent Agenda format may not be used with respect to decisions on disability retirement benefit applications, or other matters warranting particular attention and review on the part of the Board.

Each agenda item shall have attached to it backup material necessary for discussion or action by the Board.

Each agenda shall, as required by Chapter 286, Florida Statutes, also inform members of the System and the public that should they wish to appeal any decision made by the Board, that they will need a record of the proceedings and that they may need to ~~insure~~ensure a verbatim record which includes testimony and evidence upon which the appeal is based.

A copy of the Notice of Meeting shall be posted in a location in the Jacksonville City Hall where notices of public meetings are customarily posted. A calendar of upcoming meetings will also be posted electronically on the City website. All agendas and meeting materials are public records as defined in Chapter 119, Florida Statutes.

The Board requests that all materials to be submitted to the Board or an Advisory Committee (including materials submitted by a board/committee member) be submitted at least three business days prior to the scheduled meeting. Materials submitted after this time might not be included in the package of materials provided at the meeting.

3. Actions Taken; Minutes. The Board or Advisory Committee shall have the right to take action on any

Pension Board Rules 4/25/2019 BOARD APPROVED 7/14/2021 DRAFT

Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

matter related to the general business of the Board, whether or not such item has

been specifically placed on the agenda. The Secretary (or the Pension Office) shall be responsible for keeping written minutes of the transactions and actions of the Board and shall be the official custodian of records of the Board.

4. Appearances by the Public and/or Plan Members. As public bodies, the Board and the Advisory Committees have a responsibility to accommodate members of the public and members of the Plans who wish to conduct business before them. All such appearances shall be scheduled through the Plan Administrator and time limits for presentations may be limited by the Chairman, with the concurrence of the Board or Advisory Committee. Appearances may be in person or through a representative. No person shall be permitted to disrupt the meeting. The Chairman shall have the authority to determine appropriate conduct at the meeting and to direct the removal of any person who fails to abide by reasonable requests for order.

5. Disruption of Meetings. Any member of the Plan or member of the public making personal, impertinent or slanderous remarks or who shall become boisterous while the Board or the Advisory Committees are in session, shall forthwith be barred from further audience before the Board or the Advisory Committees by the Chairman at his/her discretion. No demonstration of approval or disapproval from the audience shall be permitted. If such demonstrations continue, the demonstrator(s) shall be removed from the meeting room.

6. Meeting Locations: Government in the Sunshine. All meetings and hearings of the Board and the Advisory Committees shall be held in Jacksonville, Florida at a location where public access is guaranteed. Meetings and hearings shall be open to the public and conducted in compliance with Chapter 286, Florida Statutes.

7. Workshops. The Board may from time to time wish to conduct workshop meetings for the purposes of developing policies or procedures of the Board or for the review of investment data of the Board. Workshops shall be conducted in a public forum the same as any other meeting or hearing and shall be properly noticed in advance of the workshop.

PART VI – PROCEDURES FOR THE SELECTION OF PROFESSIONAL SERVICES PROVIDERS

Section 120.102(q), *Ordinance Code*, provides that the Board shall have the authority to retain its own money managers, investment performance monitors, legal counsel, accountants, actuaries, and other professional advisors to assist the Board in the performance of its duties. The Board shall evaluate and select such professional advisors in strict accordance with the Ordinance Code and the City's Pension and Treasury Division's Procurement Procedures of Financial Instruments and Services. All selections shall be made at a meeting of the Board with the affirmative vote of at least five (5) Board members. All proposals and presentation materials considered in conjunction with the selection of professional services providers shall be made a part of the records of the Board.

PART VII -- ASSET MANAGEMENT

1. Statement of Investment Policy. As part of its duty to administer the Plans, the Board shall develop a Statement of Investment Policy to govern the investment of Plan assets. The Statement of Investment Policy represents the Board's attitudes, philosophy, expectations, and objectives regarding the investment of Plan assets. The development of this statement demonstrates that the Board has given adequate consideration to the development of an appropriate program of investment and has thereby fulfilled the requirements of prudence within their fiduciary responsibilities. The standards, objectives, guidelines and restrictions established by this policy statement are subject to changing conditions and investment opportunities. Accordingly, this statement is subject to review on an annual basis by the Board. The Board's Statement of Investment Policy shall conform to the guidelines provide by Sections 112.661 and 215.47, Florida Statutes, which govern the general structure and content of written investment policies for public retirement systems within the State of Florida.

2. Divestiture. No divestiture of any asset of the Plans shall be made for any reason other than fulfillment of the fiduciary obligations of the System.

3. Money Managers. In recognition of the importance of professional guidance in the investment of the assets of the Plans, all investments shall be performed by qualified, professional money managers. The Board shall establish performance standards for each money manager in each class of investment. Said performance standards shall be reduced to writing and shall be included in the contract between the Board and the manager. Said performance standards shall be reviewed on not less than an annual basis and shall be compared to the actual performance of a money manager to determine compliance with the standards set by the Board.

Each money manager shall enter into a written contract with the Board. Each contract shall include an acknowledgement by the money manager that it is familiar with the ordinances of the City of Jacksonville and the provisions of Florida Statutes, Chapter 112. Each money manager shall subscribe to the written goals and objectives of the System and said goals and objectives shall be incorporated into each money manager contract. Said contracts shall also provide that the money manager shall not make purchases which are prohibited by law and in the event such a purchase is made shall make the Plans whole for any loss incurred in the divestiture of said investment. Said contract shall also provide that the laws of Florida shall govern and that venue for any legal action shall be in Duval County, Florida. All written contracts shall set forth a specific duration; but shall allow the Board to terminate for convenience upon no more than 30 days' written notice. Each contract shall set forth with specificity the fees charged by the money manager to the System. All money manager contracts shall further set forth that the money manager is registered as an investment advisor and is qualified by law to engage in the management of the assets which are the subject of the contract. All written contracts shall be reviewed by the General Counsel's office or

Board Attorney who shall approve the form and correctness of each contract and sign each contract. All written contracts shall be executed by the Chairman and/or the Secretary of the System.

All money managers shall report on not less than a quarterly basis. Said money managers and advisors may, however, be directed by the Board, the Treasurer or the CIO to report on a more frequent basis. Upon request of the Board, all money managers shall make these presentations in person at a regular meeting of the Board and shall bear their own costs and expenses in traveling to Board meetings.

In recognition of the limited time resources of the Board members, presentations of prospective money managers shall be by written invitation of the Board only. Prospective money managers shall provide advanced written summaries of their presentations together with any backup materials deemed appropriate for analysis by the System.

4. Performance Monitor. The Board shall engage at all times at least one performance monitor who shall be responsible for reviewing the performance of each of the various money managers of the Board. The performance monitor shall report to the Board on such time schedules as the Board shall establish but not less than once per quarter. The performance monitor shall advise the Board as to the relative performance of each money manager as compared to the various stock, bond and cash indices as are generally accepted in the investment market place as reflective of satisfactory investment performance. The performance monitor shall recommend in writing to the Board the retention or discharge of money managers and the reasons supporting its recommendation. At the request of the Board, the performance monitor may perform evaluation and searches for money managers and such other services as the money manager shall be requested to perform.

5. Decision Making Authority. The Board shall determine the retention or discharge of any money manager or performance monitor. The Board shall also establish the amount of funds to be entrusted to any money manager and shall determine when funds shall be withdrawn and investments terminated. The members of the Board shall not however participate in the selection of individual stocks, bonds or cash funds, as that shall be the responsibility of the money manager within the context of the investment goals, objectives and performance standards established by the Board.

6. Proxy Voting. The Board shall be responsible for exercising all proxies on equities held by the System. The Board shall comply on a voluntary basis with the standards of the Employee Retirement Income Security Act of 1974 in the voting of proxies. The Board shall, by contract or other written agreement, give all money managers proxy voting responsibility and the Board shall monitor the voting of the managers.

The Board members (along with the United States Department of Labor) do not consider the following practices by investment management firms with proxy voting responsibility to be consistent with their fiduciary responsibility:

- a) Declining to vote proxies;
- b) Voting proxies exclusively for management without analysis of the underlying issues;
- c) Permitting negligent or inaccurate record keeping regarding proxy voting;
- d) Accepting directions from other parties;
- e) Permitting the absence of policies or procedures to assure the proper exercise of this fiduciary responsibility.

Any significant proxy items and the vote by individual money managers shall be reported in writing to the Board. Records of all proxy votes shall be maintained and made available to the Board members or any agents acting in their behalf. All such records shall be maintained in accordance with the Florida public records law.

It shall be the primary responsibility of money managers acting on behalf of the Board to vote all proxies to the benefit of the System assets for their primary or future value. All tender offers shall be treated in the same manner with regard to record keeping and asset enhancement.

7. Commission Recapture. The System may maintain a commission recapture program consistent with Section 28(e) of the Securities and Exchange Act of 1934. All trades shall be directed through the System's commission recapture programs to the extent provided in each money manager's professional services agreement.

PART VIII – ACCOUNTING, ACTUARIAL AND LEGAL SERVICES

1. Actuarial Services.

(a) Selection. The Board shall retain at all times the services of an enrolled actuary. An enrolled actuary shall mean an actuary who is enrolled under Subtitle C of Title III of the Employee Retirement Income Security Act of 1974 and who is a member of the Society of Actuaries or the American Academy of Actuaries. Competitive bidding shall not be required in the selection of actuaries.

(b) Reporting. The actuary shall report to the Board on not less than an annual basis so that the Board may establish the adequacy of employer and employee contributions. No proposed change in retirement benefits shall be made without an actuarial determination of the cost impact of said change. All actuarial reports shall be in accordance with the provisions of Florida Statutes, Section 112.63.

2. Accounting Services.

(a) Audits. The assets and liabilities of the System have historically been subject to annual audit reviews by the independent auditors under contract to the City in conjunction with the preparation of the City's Comprehensive Annual Financial Report (the "CAFR").

The Board retains the ability to optionally obtain on an annual basis, a separate independent audit of the assets and liabilities of the System with the System being the reporting entity, whereupon such separate audit of the System would be incorporated into the City's CAFR. To date, the Board has not elected to undertake the greater level of audit examination and testing that would accompany a separate audit of the System. Any such separate audit shall be performed in accordance with generally accepted accounting standards.

(b) Conflicts of Interest. In order to avoid conflicts of interest, the Board shall not retain auditors who are employed by the City of Jacksonville unless the Board shall be determined to be a separate client.

3. Legal Services.

(a) Selection. The General Counsel of the City shall be the primary counsel for the Board. The Board may also request the services of additional outside counsel with demonstrated experience in the area of public employee retirement systems in the State of Florida. Competitive bidding is not required in the selection of legal services.

(b) Privileged Communications. In all dealings between the Board members and the Board's attorneys, the Board shall be deemed the client rather than any individual member of the Board. All communications between the Board and its attorneys shall be privileged communications except where otherwise governed by the Florida law.

(c) Authority to Direct. The Board's attorneys shall take direction from the Board as may be given at the various meetings of the Board. In between meetings of the Board, direction to the attorneys shall be given by the Chairman or if directed by the Board, the Plan Administrator or the Treasurer or the CIO. All files of the Attorney shall be open for inspection by any member of the Board. The Board shall direct any outside counsel to consult with the General Counsel to assure consistency of legal services.

PART IX – MEMBERSHIP IN THE PLANS

1. Enrollment. New enrollment in the Plan is closed as of October 1, 2017. Employees hired prior to October 1, 2017, that elected to join the DC Plan may convert back to the Pension Plan prior to their fifth anniversary as long as they have not already changed Plans three times. Eligible transfers into the Plan will be reviewed and managed by the Pension Office. Adjusted date-of-hire as maintained by the HR/Employee Services department of the eligible employer is used to determine eligibility. Appointed employees that elect social security may not later join the Plan.

Pension Board Rules 4/25/2019 BOARD APPROVED 7/14/2021 DRAFT

2. Termination of Employment.

(a) Employees who have been members of the Plan for less than five (5) years, who leave employment with the City, shall have all of their contributions, less required federal tax withholding unless the monies are rolled over to another qualified plan, returned to them and be removed from the Plan upon termination of employment. The Pension Office will maintain procedures around payment of refunds following termination of employment for non-vested members. Non-vested former employees must take a refund after termination.

(b) Employees who have been members of the Plan for five (5) or more years, who leave employment with the City, may elect to (i) vest for deferred retirement and leave their contributions in the fund, or (ii) request that their contributions be returned to them. The election must be made in accordance with Pension Office procedures. Employees who receive a refund of their contributions are no longer entitled to any benefits under the Plan. Former employees who have vested their rights to receive a pension retain inactive membership in the Plan.

(Note: Refund of contributions apply to Employee contributions only and does NOT include ANY Employer Contributions. Refund of contributions do NOT include employee contributions set aside, accounted for and designated as pertaining to disability benefits.)

(c) Employees that make contributions to the Plan in error (when they were not eligible) shall have those contributions refunded to them as soon as practical following discovery of the error and the employee will not receive any credit in the Plan for that period.

3. Re-employed Pensioners. The administrative interpretation of Section 120.209 and 120.309, Ordinance Code, is as follows: When a former employee, who is a pensioner of the System, is re-employed full-time by the City, his/her right to receive a pension payment shall cease while they are employed full-time by the City or eligible agency. If they have not received any lump-sum payment (PLOP, BACKDROP or DROP: these elections are irrevocable per code once elected) from the System, they may re-join the DB Plan. All full-time rehired retirees, if in civil service or appointed status, may elect to join the DC Plan if they do not reenter the DB Plan. —

Rehired retirees that rejoin the Plan may be eligible for an updated benefit from the Plan. If the new employment period lasts longer than one (1) year (1 year as defined by credited service), the new benefit will be calculated fresh using 120.206 or 120.306 (and other applicable options except as noted) with the updated credited service and final monthly compensation calculated with no gap in between the original retirement date and the reemployment date. If the additional service is less than one (1) year, the rehired retiree will not get an updated benefit and contributions for the additional period will be refunded to the employee. ~~an incremental benefit may be added to the original vested benefit using service time from the new employment and compensation that includes the new employment period (ignoring the period of separation for determination of the average compensation over a consecutive period). If, however, the employment lasts for less than one (1) year, the employee shall be given time service credit for the additional service applied to the salary used to determine his/her original pension upon his/her return to retiree or inactive status. This~~

Pension Board Rules 4/25/2019 BOARD APPROVED 7/14/2021 DRAFT

~~incremental increase will be added to the previously calculated pension benefit.~~

Rehired retirees that meet the criteria above for a new pension benefit will be eligible for PLOP and BACKDROP but will NOT be eligible for DB to DC lump-sum transfers. BACKDROP benefits will be calculated assuming no gap in between the original retirement date and the reemployment date.

When the employee re-retires, the "new pension benefit" required under Section 120.209(c) shall come with a new 5-year waiting period for COLA benefits. If the original benefit is used then the employee will accrue time passage credit for COLA benefits from the original date.

(Note: For a returning separated vested member that has not received pension payments, they may rejoin the Plan and ~~time service connection shall be automatic and~~ the employee's pension membership date will be adjusted for the period of separation. When an updated benefit is calculated, the final monthly compensation will be calculated with no gap in between the original retirement date and the reemployment date. The one (1) year service requirement does not apply for rehired separated vested members that never were pensioners previously.)

The Pension Office will maintain procedures for: retirement plan membership for rehired retirees, suspension (and restart) of pension benefits for rehired retirees and calculation of updated benefits for rehired retirees.

4. Board's Right to Terminate an Individual's Membership in the Plan. An individual's membership may be terminated by the Board in the event either Advisory Committee finds that the individual:

- (a) was granted membership based upon a fraudulent application, or
- (b) has been illegally receiving pension benefits, or
- (c) has made a willful misstatement of a material fact relating to his/her history.

No such action by the Board shall become final, however, unless the member has been afforded the opportunity to procedural due process as set forth in Part XI below.

PART X – ADMINISTRATION OF BENEFITS

1. Retirement Benefits Generally.

(a) Applications. All applications for retirement benefits shall be in accordance with Pension Office procedures. The procedures shall generally be uniform and established by the Pension Office. Applications shall be maintained in the Pension Office and shall be available upon request by any member or beneficiary.

(b) Proof of Earnings. No retirement benefit shall be granted unless earnings used for the applicable three (3) years of service prior to retirement shall be clearly identified.

(c) Calculations of Final Monthly Compensation. In calculating a member's Final Monthly

Pension Board Rules 4/25/2019 BOARD APPROVED 7/14/2021 DRAFT

Compensation, the Pension Office shall:

(i) skip over any pay period in which the member received partial or no compensation while on an apparent approved leave of absence, so that the pay periods before and after such leave of absence are considered to be consecutive pay periods (provided, however, the Pension Office shall not skip over such pay periods if doing so would be to the detriment of the member);

(ii) use the highest 36 consecutive months of earnable compensation out of the last ten years of employment, which ~~generally~~ equates to 78 pay periods for bi-weekly paid employees.

(iii) Earnable compensation used will be based on the available pensionable earnings reported by the Employer payroll. Employee Services or the equivalent department of the Employer shall maintain documentation around what pay constitutes pensionable earnings. (This should be consistent with the definition of Earnable Compensation contained in Code.)

(d) Credit For Partial Years of Service. Where the Ordinance Code provides that retirement benefits shall be based on the number of years of credited service, the Board interprets that provision to allow credits for partial years of service based on the number of full months served. For instance if a member was continuously employed by the City on a full-time basis from January 1, 2005 to July 25, 2012, the member's retirement benefits would be based on 7.5 years of credited service.

(e) Definition of "Full-Time" Service. Where the Ordinance Code provides that retirement benefits shall be based on the amount of a member's full-time service or employment, and the term "full-time" is not otherwise defined, the Board defines "full-time" as regularly requiring at least 80 hours of bi-weekly service (if paid on a bi-weekly basis) or 40 hours of weekly service (if paid on a weekly basis). —Full-Time service or employment does not include part-time service or seasonal service. The following types of employment are considered examples of part-time or seasonal service: (i) court bailiffs, (ii) poll workers, (iii) student positions and internships, and (iv) positions filled through employment agencies.

The Pension Office may grant partial service for periods of time where there is evidence the employee worked less than full-time (with pay) due to an apparent approved leave of absence. Any positions that are full-time and less than 40 hours per week will require review based on bargaining agreements or established practice.

(f) Definition of Part-Time Service. The Board interprets Section 120.209(d), *Ordinance Code*, as follows: the phrase "...a position routinely requiring fewer than 25 hours of work per week (50 hours per pay period) on a regular and recurring basis..." is interpreted to mean a part-time employee may work 50 or fewer hours per pay period. For purposes of clarity, within the same pay period, a part-time employee may work more or fewer than 25 hours per week, provided the cumulative hours for the pay period does not exceed 50 hours.

(g) Time Service Connections. All time service connections shall be made in accordance with Sections 120.204, 120.304, and other applicable provisions of the Ordinance Code.

(i) Time must be documented as full time, be it special purpose positions, provisional, probationary, grant, temporary or permanent. All full-time employment must be verified by either the Human Resources Division, the employer or from some other authoritative source. Members may purchase time as soon as they become members of the Plan, including while they are on probation. Requests for the actuarial equivalent cost for past service will be sent by the Pension Office to the Board's actuary for calculation as needed and as determined as practical by the Pension Office. (Note: Time served in contract positions is NOT eligible for purchase of credited service.)

(ii) Military time may be purchased in accordance with Sections 120.205 and 120.305, and other applicable provisions of the Ordinance Code.

(iii) Members who can document an approved leave of absence without pay status may purchase up to six months of time.

(iv) Purchase of ~~one (1) year or more of~~ time service may be made by payroll deduction for a period of no more than 130 pay periods. No more than two payroll deduction agreements may be authorized per person at any time and no changes are permitted to any payroll deduction agreement except for a lump sum balance payment, ~~or when satisfactory certificates or court orders are furnished to the Pension Office indicating that, after the date of purchase, there has occurred one of the following: 1) the marriage or divorce of the employee; 2) the death of the employee's spouse or child; or 3) the birth or adoption of a child of the employee; or 4) the employee is on an approved medical leave of absence, until such time that the employee returns to work. In the case of the first three reasons, the employee may terminate the purchase, without prejudice for making future purchases, and shall be entitled to the prorated time service credit purchased.~~ Notwithstanding the foregoing, upon the written request of an applicant and for good cause shown, the Plan Administrator is authorized to: (i) terminate an existing Time Service Connection ~~(other than the hardships listed above)~~ with the applicant being entitled to time service credit purchased as of the date of termination; ~~and (ii) reduce the amount of time service credit being purchased within an existing Time Service Connection. — This authority is limited to Time Service Connections authorized under Section 120.204(a), Ordinance Code.~~ The authority granted hereby shall not apply to Time Service Connections where the applicant was required by Ordinance Code to pay the full actuarial costs of the time connection. Any applicant requests to terminate or reduce the term of an existing Time Service Connection made at the full actuarial costs shall be brought to the Board of Trustees for its review.

(v) Termination of employment during a payroll deduction agreement will result in the member or beneficiary having to choose to make a lump sum payment to complete the purchase or to accept a prorated portion of the time service purchased by deduction. In the event a member dies during a payroll deduction agreement term, the time service connection stops and credit is given only for the portion of the time service which was paid through the

final paycheck. Payments for service purchases can be made with leave pay-outs, bank checks, or transfers of funds from a 457 Plan. Payments from leave balances or 457 Plans must be initiated by the termination date and outside payments not received by one-week following termination will not be accepted.

(h) Payment Amounts. Conversion from monthly to bi-weekly pension is done by taking the monthly base benefit times 12 and then dividing the resulting annual benefit by 26 annual pay-periods.

(i) Supplement Payment. The monthly supplement is divided by 2 and paid just twice monthly. In months with three pay-periods the last period will not include a supplement payment.

2. Disability Retirement Benefits.

(a) Applications. To receive retirement benefits on account of disability, the applicant and his/her physician(s) shall complete a written disability application on the approved form. The application process must be initiated by the applicant while an active member of the Plan. (Reasonable accommodations for submitting applications will be allowed based on review of the Advisory Committee and the Board.) Each application shall be accompanied by a release of medical information authorizing the Board or any of its agents to have full access to all medical records of the applicant whether or not the subject of the particular claim of disability. In addition, all applicants shall authorize the Committee and Board to conduct a public discussion of the medical condition of the applicant and to release the Committee and Board from any liability for the public discussion of the medical condition of the applicant.

(b) Calculations and Effective Date. Disability pensions, when granted, shall be calculated in accordance with the applicable provisions of Chapter 120, Ordinance Code, and shall be effective as of the day after the termination date provided by the Employer. The benefit calculation will utilize final monthly compensation and credited service in the same fashion as time service and term-vested calculations. For periods less than three years available full-time compensation will be averaged. Supplement will be paid and COLA will be applied for disability benefits.

(c) Role of Medical Review Officer. The physician(s) directly or indirectly under contract with the City of Jacksonville to provide medical review services may serve as the System's Medical Review Officer ("MRO") without a formal appointment. The term "physician" as used in these rules shall mean any licensed doctor of medicine, osteopathy, chiropractic, dentistry, podiatry, psychology, vocational specialist, or any other licensed practitioner of the healing arts.

The Pension Office shall refer all disability application packages to a MRO for an evaluation. No disability retirement benefits shall be granted by the Board unless there is contained in the file written evidence that the medical case history has been evaluated by the MRO and the MRO has found that the applicant has suffered an illness, injury or disease which renders the applicant permanently and

totally incapacitated, physically or mentally, from regular and continuous duty as an employee or officer of the City. The MRO shall also include a determination, to the extent reasonably possible, of the origin of the disability.

If additional medical information is desired by the Board or an Advisory Committee, the Board or the Advisory Committee may obtain further medical evaluations from the applicant, MRO or designate another MRO as it deems appropriate.

(d) Review By The Advisory Committee. Once an application for disability retirement and the report of the MRO(s) are received, the Pension Office shall refer the completed application package (including the MRO's recommendation) to the appropriate Advisory Committee. Upon receipt of the report of the board designated physician(s), the Advisory Committee shall schedule a public hearing at which time the Committee shall have available for review all reports of the MRO(s), together with any such documentary evidence as the applicant may wish to submit and any other available relevant materials. Based upon the written documentation presented, the Committee shall make a preliminary determination as to whether the member is permanently and totally disabled and whether the disability occurred in the course of service to the City.

If the Committee does not recommend that the Board grant the application based on the written documentation, ~~the Pension Office~~ shall inform the member in writing of the reasons for the denial of the application. The member may within 30 days of receipt of the Committee's preliminary denial, request a full evidentiary hearing before the Committee. This hearing and any appeals therefrom will be conducted in accordance with Article XI below ("Procedural Due Process").

(e) Re-Examination of Disability Retirees. The Board or the Advisory Committee may cause such disability retiree to undergo periodic physical examinations to determine the continued existence of the disabling condition. Any disability retiree who refuses a reexamination may be subject to denial of future pension benefits. All disability retirees who are to be reexamined shall be advised of the date and time of their reexamination. Disability retirees shall be required to execute such releases as the Board shall deem necessary to conduct the medical examination and to discuss the results. In the event that a disability retiree is found to have recovered and is shown to be physically able to perform his/her duty, the retiree shall be restored to employment with the City in the same position and pay rate that the retiree would have occupied but for the disability. There is no guarantee that such a position will be available and funded, but if such a position is available and funded then the disability benefits shall be terminated. If a disability retiree refuses an offer of reemployment with the City, disability benefits shall be discontinued.

(f) Presumptive Diseases. In the case of Corrections Officers who claim a service disability based on the presumptive disease provisions of Florida Statutes and the Ordinance Code, the Board's physician shall review the in-hiring physical of the applicant to determine if the presumption may be applied.

(g) Pre-Existing Conditions. In the case of Corrections Officers, the Ordinance Code prohibits any disability based on a preexisting condition. Accordingly, the MRO shall be asked to determine if the cause of the disability is the same medical condition as the observed preexisting condition. No

disability application may be granted if the injury or illness giving rise to the disability pre-existed membership in the System, unless the injury or illness would be expected to cause the disability without regard to the pre-existing condition.

3. Survivor Benefits.

(a) **Surviving Spouse.** Following the death of a member, the Plan shall treat the surviving partner of any marriage, which was lawfully formed in the jurisdiction in which it was entered, as a surviving spouse. The surviving spouse of a pensioner must be married to and residing with the pensioner at the time of the pensioner's death, and otherwise comply with the requirements of the Ordinance Code and these rules with regard to eligibility.

(b) **Applications.** Applicants for survivor benefits must submit a written application on the appropriate form with the following documents (as applicable):

- (i) Marriage certificate or other reasonable official proof of marriage
- (ii) Death certificate, stating cause of death.
- (iii) Two affidavits stating that the witness (friend, neighbor, relative, personal and professional acquaintance have been deemed acceptable) knew of their own personal knowledge that the applicant was married to and living with the deceased employee or retiree at the time of death.
- (iv) Birth certificate and social security card of dependent children less than eighteen (18) years of age, or for a disabled child of any age.
- (v) Social Security Card of the Survivor
- (vi) Driver's License or other government-issued ID of the Survivor

(c) **Benefits Upon Death of a Pensioner.** The deceased pensioner is paid a final payment either on the date of death or on the next scheduled payment. The eligible surviving spouse will receive benefits starting with the next pension payroll following the last payment made to the pensioner.

If there is no eligible survivor entitled to an ongoing pension payment, any remaining employee contributions are paid to the estate of the pensioner. The amount is calculated by subtracting the total gross pension payments from the total employee contributions paid into the Plan.

(d) **Benefits Upon Death of Active Member.** For purposes of determining the amount of benefits due to a surviving spouse of an active member, it shall be assumed that the deceased employee would have continued working for the City until they reached unreduced retirement eligibility. The eligible surviving spouse would then receive 75% of the member benefit that was based on a 2% accrual.

(e) **Benefits paid for surviving minor children** are paid to the surviving child's guardian on behalf of the child. When the child reaches age 18 that benefit is stopped. This includes benefits related to the 10% increase to the surviving spouse benefit for active employees and retired pensioners.

(f) Benefits to a Surviving Disabled Child. Child or Orphan benefits may be payable to a surviving disabled child for life, providing the child became disabled and the pensioner died prior to the child attaining 18 years of age. The standards for the disability determination shall generally conform to those used by the Social Security Administration in conjunction with the payment of supplemental security income benefits for children with disabilities. As part of the application review process, the Pension Office may request additional medical information for certification by the System's MRO.

4. BACKDROP, PLOP and DROP Benefits. Applications for retirement benefits under Sections 120.214 ("BACKDROP"), 120.215 ("PLOP"), and 120.314 ("DROP"), *Ordinance Code*, shall be on the approved forms and shall be processed in the same manner as time service retirements. The Pension Office shall maintain a documented practice for applying interest to lump-sums benefits from DROP and BACKDROP elections.

PLOP, BACKDROP and DROP elections are irrevocable and members that elect these benefits cannot earn additional benefits from the Plan.

BACKDROP interest is set annually and DROP interest is set monthly. DROP Phase 2 interest is set annually. Interest and mortality used for PLOP (and DB to DC transfers) is reviewed annually. Procedures for application of interest rate changes and other assumptions shall be maintained by the Pension Office.

5. Funeral Expenses. While there is a provision for providing funeral expenses, normal practice is to simply provide a return of employee contributions to the estate in cases where an active member or term vested member dies without a qualified survivor.

PART XI – PROCEDURAL DUE PROCESS

1. Hearings Before an Advisory Committee. The primary role of the Advisory Committees is to review applications for ~~membership and~~ benefits and, where appropriate, conduct evidentiary hearings on those matters. An Advisory Committee may not recommend the denial, termination or reduction of Plan benefits against an applicant without notifying the applicant in writing of the reasons for the recommendation. The applicant may, within 30 days of receipt of such notice, request a full evidentiary hearing before the Committee. All evidentiary hearings will be conducted consistent with the principles of due process, and the rules of evidence generally applicable to administrative proceedings shall apply. The Advisory Committees shall have the power to issue subpoenas compelling the attendance of witnesses. At a hearing, the applicant may present such oral and written evidence as the applicant deems necessary to establish its burden of proof. The applicant, the City and the Advisory Committee shall have the right to examine and cross-examine all witnesses. The recommended decision of the Advisory Committee shall be based solely upon the evidence presented and applicable law. Following the conclusion of the hearing, the Advisory Committee shall render an opinion in writing setting forth the reasons for recommending the grant or denial of the benefit.

2. Notice of Advisory Committee Recommendations. In cases where the Advisory Committee holds an

Pension Board Rules 4/25/2019 BOARD APPROVED7/14/2021 DRAFT

evidentiary hearing and recommends a denial, termination or reduction in benefits, the Advisory Committee shall send a notice of the recommendation to the applicant, which shall include:

- (a) A citation to the applicable section of the Ordinance Code under which the Committee is acting;
- (b) A description of the reason or reasons for the Committee's position;
- (c) The date and place of the Board meeting where the recommendation will be reviewed and either adopted or disapproved (if applicable).
- (d) Notice of the applicant's right to attend the meeting and contest the Board's approval of the Committee's recommendation (if applicable).

3. Final Action by the Board. Once the Advisory Committee has reviewed the application for benefits and formulated a recommendation to the Board, the matter shall be forwarded to the Board for final action if approved or if requested for appeal by the applicant after an evidentiary hearing. The Board shall conduct a review of the Committee's recommendation and shall hold a public hearing on the matter. At that time, the applicant and the City shall be permitted to present such legal arguments as they deem advisable, which may not exceed fifteen minutes per side unless the Board determines that exceptional circumstances warrant more time. Following the presentation before the Board, the Board shall determine whether or not to grant the benefit. The Board shall confine its decision to the factual record made at the Advisory Committee meeting and shall not reject findings of fact unless the facts are not supported by competent and substantial evidence contained in the record. The Advisory Committee recommendation on the interpretation of legal issues shall not be binding on the Board. All decisions of the Board shall be reduced to writing and presented to the applicant by mail. The Board's decision shall be the final administrative action. If the Board finds that the factual record needs to be supplemented, it shall defer action on the application and return the matter to the Advisory Committee for additional fact finding.

4. Notices that a Record is Required to Appeal. Pursuant to Section 286.0105, Florida Statutes, each notice to an applicant of a hearing in which the Board or an Advisory Committee may take an adverse action, shall include a statement substantially as follows:

IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE [BOARD / COMMITTEE] WITH RESPECT TO ANY MATTER CONSIDERED AT THIS MEETING OR HEARING, HE OR SHE WILL NEED A RECORD OF THE PROCEEDINGS. FOR THIS PURPOSE, HE OR SHE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

5. Appeal Procedures and Judicial Review. In all cases where the Board rules against an applicant, the Board shall formally issue an Order containing its findings of fact and conclusions. The Pension Office shall promptly provide the applicant with a copy of the Order. The applicant shall have 30 days from the date of the Order in which to appeal the decision to the Circuit Court of the Fourth Judicial Circuit of Florida in and for Duval County. Said review shall be by direct appeal as set forth in the Florida Rules of Appellate Procedure.

PART XII -- ETHICS

1. General Standards. Members of the Board and the Advisory Committees shall, in all transactions respecting the System, abide by the "Prudent Man Rule" as generally recognized in the American Law of Trusts. In addition, such members are governed by Florida Statutes, Chapter 112, Part III, the Code of Ethics for Public Officials and Employees.

2. Conflicts of Interest. Conflicts of interest in voting shall be governed by the provisions of Florida Statutes, Section 112.3143. No member of the Board or an Advisory Committee shall engage in any transaction or vote in any matter in which the member shall receive any direct or indirect personal gain. This shall not preclude, however, voting on benefit increases that are generally applicable to all Plan members and beneficiaries.

Prior to voting on any matter in which a member reasonably believes a conflict of interest exists, the member shall publicly announce the conflict and refrain from voting. The conflict statement required by law shall be recorded in the minutes of the meeting. In determining whether a conflict exists, members shall in all actions endeavor to avoid the appearance of impropriety.

3. Communication with Applicants. Unless authorized by the Board Chair and the Board's legal counsel, no member of the Board or an Advisory Committee shall engage in prior communication with any applicant for membership or benefits on any matter which is currently pending a hearing before either the Advisory Committee or the Board. This shall not preclude a Board or Committee member from answering questions of general application to Plan members where the information provided involves a restatement of benefits under the Plan and does not involve consideration of matters which will be presented in any evidentiary proceeding. All requests for information in conflict with this rule shall be referred to the Plan Administrator or other appropriate staff member for a response.

Members of the Board and the Advisory Committees should remain cognizant that statements regarding benefits may be relied upon by applicants to their detriment thereby creating a risk of a claim of estoppel. When addressing benefit questions by Plan members, members of the Board and the Advisory Committees should clearly indicate that they are in no way capable of binding the System and that all questions are ultimately settled by the Board acting as a body.

4. Communications with Potential Contractors. Individual members of the Board shall not engage in any communication with persons or entities seeking to establish a contractual relationship with the Board during the period of an active solicitation for services that is being sought by the potential contractor. All contacts by potential contractors during such period shall be referred to the Plan Administrator.

5. Communications with Money Managers. All communications between individual members of the Board and money managers shall be for informational purposes only. No individual member of the Board may bind or promise any consideration on behalf of the System except as approved by the Board.

6. Application of Code of Ethics to Staff and Contractors. All staff members and contractors shall be bound by this code of ethics in their dealings with the Board and the System. All such persons are responsible to the Board and the System, and not any individual member of the Board or a Committee.

7. Reporting of Gifts. Any Board member, Advisory Committee member, Pension Office staff, or Plan fiduciary receiving anything of value in excess of the maximum allowed by law shall disclose said gift in writing and the disclosure shall be made a part of the records of the System.

8. Annual Reporting. All Board members shall complete public disclosure of financial interests form on an annual basis as required by Section 112.3144, Florida Statutes. Said disclosure forms shall be filed with the Supervisor of Elections for the City of Jacksonville.

PART XIII -- MISCELLANEOUS

1. Continuing Education and Travel Policy. The Board has established guidelines in accordance with Section 112.661(14), Florida Statutes, for members of the Board, members of an Advisory Committee, and staff members who wish to take advantage of continuing educational opportunities through attendance at conferences, seminars, programs, and due diligence evaluations. All such travel shall require prior approval by [the Treasurer](#) or a majority of the Board present and eligible to vote at a Board of Trustees Meeting.

2. Defined Contribution Plan (the "DC Plan"). The System does not include the City's DC Plan established in 2007 pursuant to Chapter 120, Part V, *Ordinance Code*. However, the Board, through the Pension Office, shall work with the appropriate City departments to create and manage employee education programs with respect to the DC Plan. The Board will also adopt, to the extent needed, uniform rules for the implementation of the election and conversion rights with respect to the DC Plan.

(a) Board Rule Regarding Non-vested Conversions from DB to DC Plan. When a non-vested member (i.e., having fewer than 5 years of credited service) of the DB Plan elects to convert to the DC Plan, the Board shall transfer assets of the Plan to the newly created member account in the DC Plan in an amount equal to the employee contributions of such employee. No employer contributions shall be transferred into the DC Plan in connection with a non-vested DB Plan member's conversion to the DC Plan.

(b) Board Rule Regarding Vested Conversions from DB to DC Plan. When a vested member of the DB Plan elects to convert to the DC Plan as authorized by Chapter 120 *Ordinance Code*, the Board shall transfer assets of the Plan to the newly created member account in the DC Plan in an amount equal to the actuarial present value of the member's then-accrued benefit in the DB plan, as determined by the actuary for the System. This election must be made while the member is still employed and once made this member forfeits all rights and benefits under the DB Plan.

3. Excess Benefits Administration. Under Section 120.401, *Ordinance Code*, the Board is required to administer the City's excess benefits arrangements. The Pension Office will compile and maintain all records and procedures necessary or appropriate for the administration of those arrangements.

4. Verification of Affidavits. In situations where the Board has requested pensioners to execute affidavits in connection with their continued eligibility for pension benefits and such affidavit is not returned by the scheduled date to the Pension Office, the pensioner will receive a follow-up notice. If the pensioner does not

reply to the follow-up notice, an additional notice will be sent. If an affidavit has not been received after the third notice, the Pension Office may suspend all future pension benefits until suitable arrangements have been made to obtain said affidavit. The Pension Office may delay suspension of benefits if there is evidence that the pensioner is still alive and eligible to receive the benefit ~~and or~~ there is a reasonable explanation for delay in receiving the affidavit. The Pension Office should continue to make reasonable efforts to obtain the affidavit in these situations.

5. Recovery of Overpayments. If a beneficiary of the System is paid an amount in excess of that due him, deductions will be made in future payments to recover the amount overpaid. The Pension Office should utilize standard guidelines for the recovery of funds and consult with the Board for unusual situations.

6. Recovery of Other Amounts Owed to the City. To the extent permitted by law, if a City employee or retiree owes the City any money, the Board shall comply with the requirements in Section 112.401, *Ordinance Code*, by placing an automatic deduction against the future payments to the employee or retiree to recover the amount owed to the City.

7. Deductions from Benefits for Payments to Third-Parties. Pursuant to Section 120.213(a), *Ordinance Code*, a retiree may authorize deductions from benefits payable to said retiree for payment of City related vendors, including but not limited to City-sponsored health insurance, ~~the Police Charities Fund, Florida Retired Public Employee Fund, Firefighters Benefit Fund, the Fire Death Benefit Fund,~~ Jaxpolice Death Benefits, or dues to ~~the Retiree de Employees Association organizations~~ of which the retiree is a member. No other deductions may be authorized by a retiree. Legacy deductions established at a prior time may be stopped by notification to the Pension Office.

New Income Deduction Orders will only be honored if they specify they are for alimony (NOT equitable distribution) or child support, include instructions to pay the State of Florida, reference the total amount per pay-period and are in compliance with State and Federal Law. The Plan does NOT accept QDROs for establishing deductions.

8. Public Records. The records of the System are generally considered public records as set forth in Florida Statutes, Chapter 119. All requests for such records shall be handled in accordance with the City's public records policies in effect at that time. The Pension Office should consult the Office of General Counsel before releasing any records that might be considered confidential or exempt under the Florida Public Records Law (such as medical records, social security numbers, and law enforcement personnel information).

9. Medical Records. All medical records of Plan members and beneficiaries shall be maintained ~~separately from other records of the Board~~ securely (electronically after a reasonable period of time following receipt and evaluation) so as to ensure security of the privileged information to which the Board is privy.

10. Administrative Budget of the System. In May of each year, the Plan Administrator shall work with the Treasurer, the City Budget Officer, and CFO to prepare an Annual Administrative Budget for the System. The budget shall be exclusive of expenditures for the payment of Plan benefits and refunds. Interim and final drafts of the Annual Administrative Budget shall be presented for review, comment, and recommendation by the Board prior to the Mayor's submittal of the City's Annual Budget to the City Council in July of each year.

Pension Board Rules ~~4/25/2019 BOARD APPROVED~~ 7/14/2021 DRAFT

* * *

These rules and regulations were updated by the Pension Office after Board approval ~~April 25, 2019~~ AUGUST 26, 2021 (to be confirmed), and supersede all rules and regulations previously enacted and issued by the Board.

Pension Board Rules ~~4/25/2019 BOARD APPROVED~~ 7/14/2021 DRAFT