

**BOARD OF PENSION TRUSTEES  
FOR THE  
CITY OF JACKSONVILLE RETIREMENT SYSTEM  
November 15, 2018**

**MINUTES**

**City Hall - St. James Building, Conference Room 3C: 2:00 P.M.**

**Members Present**

Jeffrey Bernardo, Chair  
Joey Greive  
David Kilcrease  
Kent Mathis  
Diane Moser  
Sam Mousa  
Shari Shuman  
Terry Wood

**Staff Present**

Randall Barnes, Treasurer  
Paul Barrett, Senior Investment Officer  
John Sawyer, OGC  
Tom Stadelmaier, Pension Administrator

**Others Present**

Matt Powell, Segal  
Jeff Williams, Segal

**1. CALL TO ORDER**

The Chair called the meeting to order at 2:00 PM

**2. PUBLIC COMMENT**

None

**3. MINUTES**

Ms. Moser motioned to approve the Minutes with the change noted and Mr. Greive seconded. There was no discussion and the Chair took a vote. The Minutes passed unanimously.

#### **4. NEW BUSINESS**

##### Consent agendas

Mr. Stadelmaier commented that Rachel Stewart is being removed from the COPAC consent agenda and will be added to the next PAC consent agenda.

There was discussion regarding Paul McElroy's benefit and the split between the GEPP portion and the 401(a)(17) excess. Mr. Stadelmaier explained the split and stated he would provide the specific breakdown of that as requested.

Mr. Mousa motioned to approve the consent agenda with the changes noted. Mr. Kilcrease seconded. The Chair took a vote and the consent agendas passed unanimously.

#### **5. INVESTMENT AND FINANCIAL MATTERS**

Mr. Barrett updated the Board on the October 31 flash and allocation of investments. It was a rough month for equity performance and fixed income performed relatively well. Fixed and real-estate allocation is higher due to the recent market volatility. Economic indicators are still strong however.

Mr. Barrett reported that staff has met with about 20-25% of money managers since the last board meeting.

One concern is INTECH which is trailing the benchmark due to rebalancing in smaller holdings. Mr. Barrett suggested there may be alternatives to consider if it continues to underperform. Ms. Shuman agreed this should be examined.

Pinnacle which has been under close review showed some improvement and provided more information on their methodology which is largely GARP (growth at a reasonable price). Chair Bernardo commented that having 8% in iPhone suppliers represented a lot of idiosyncratic risk. Mr. Kilcrease commented that they are having trouble across the board of timeframes. Mr. Greive commented that the snapshot view in the flash will show swings short-term and long-term and does not tell the whole story.

Mr. Barnes updated the Board on the Consultant RFP with scoring of the submitted proposals and suggested the top three be invited as finalists for the Board to consider on December 6. There was some discussion on the details of the scoring which was handled by Mr. Barnes and Mr. Barrett. Chair Bernardo suggested casting a wider net on the finalists since the scoring was tight among the top six. Ms. Shuman agreed and the board reached a consensus and directed staff to invite the top six.

#### **6. ADMINISTRATIVE**

Mr. Williams and Mr. Powell from Segal Consulting, the Plans' actuary, reviewed in

detail the completed experience studies for the GERP and the CORP. Mr. Williams described the methodology they used to look at all of the assumptions in place individually and then look at likely impact from any changes.

Recommended changes were largely favorable. Most assumptions were in line with expectations and the required contributions actually would go down with the new assumptions before considering the discount rate. Recommended changes are really just fine-tuning, not large-scale in nature. Changes made by the Board since the last study have been helpful.

Mr. Mathis asked about coming changes to mortality. Mr. Williams said that will be based on when FRS makes their change.

Mr. Williams covered that retirement and mortality are the largest drivers. There should be a larger focus on BACKDROP eligibility as a retirement assumption.

There was some discussion on payroll growth and the legislation that indicates it should include DC Plan members as well.

Mr. Kilcrease pointed out a potential change in assumptions related to DROP. Mr. Williams responded that they would review that although the impact will be minimal due to the smaller population involved.

Mr. Mathis asked about how to handle potential changes to assumptions over time especially around surtax growth. Mr. Powell indicated that the Board will need to react to that as things happen over time that require changes.

There was some discussion on changing of the assumed rate-of-return which is current at 7.2%. Mr. Williams said they are not making a recommendation on this and that the Board could continue to lower it to 7.0% or stay at 7.2% based on information gathered for other plans. Segal is planning to show impact both ways.

Because three board members needed to leave before the discussion was concluded, a Board vote on the assumption changes to use for the new valuation was deferred until the December 20 Board meeting. Mr. Powell will plan to call-in for the meeting.

Items on the agenda for Mr. Mosely's pension and rehired retirees was deferred until the December meeting.

## **7. INFORMATION**

The investment consultant finalist presentations meeting will be held on Thursday, December 6, at 2 PM. The next regular BOT meeting will be Thursday, December 20, 2018, at 2 PM.

8. **PRIVILEGE OF THE FLOOR**

None

9. **ADJOURNMENT**

Chair Bernardo adjourned the meeting shortly after 4 PM.