

**BOARD OF PENSION TRUSTEES  
FOR THE  
CITY OF JACKSONVILLE RETIREMENT SYSTEM  
January 24, 2019**

**MINUTES**

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

**Members Present**

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

**Staff Present**

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

**Others Present**

Jordan Cipriani, RVK  
Tim Johnson, PFPF  
Kevin Schmidt, RVK

**1. CALL TO ORDER**

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

**2. PUBLIC COMMENT**

None

**3. MINUTES**

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

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

##### Consent agendas

Mr. Mousa moved to approve the consent agendas. Mr. Greive seconded the motion. The Chair opened discussion and Mr. Mathis asked about an individual on the Consent listed as City Council and wanted to confirm that City Council staff was eligible for the Plan. Mr. Wood confirmed this and also pointed out that some Council members also choose to join the plan as well just as he did. Mr. Wood asked if the re-retiree listed was processed using the standard procedures and Mr. Stadelmaier answered affirmatively. There was no further discussion. The Chair took a vote and the consent agendas passed unanimously.

##### Guynn disability application

Mr. Stadelmaier reviewed the disability application for Mr. Guynn. He provided a summary to the board and also made the full file available for review. Mr. Mousa asked about the benefit percentage and how that works for off-the-job disability cases. Mr. Stadelmaier described it as a range from 25% at 5 years up to 50% at 15 years or more. Mr. Greive asked about the last day worked discrepancy and Mr. Stadelmaier explained there was some time where Mr. Guynn ran out leave after his accident.

Mr. Stadelmaier reported the PAC recommended approval. Ms. Shuman made a motion to approve the application. Mr. Greive seconded the motion. Chair Bernardo asked if there was further discussion. There was none. The Chair took a vote and the motion passed unanimously.

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

Mr. Barrett introduced Jordan Cipriani and Kevin Schmidt from RVK.

Mr. Greive introduced all of the Board members and staff present and their roles to RVK.

Ms. Cipriani thanked the Board for selecting RVK. She reviewed a summary document they prepared including guideposts and a work plan and encouraged feedback from Board members and staff. She then reviewed 1Q activities in detail.

Mr. Greive asked how many of our managers are tracked by RVK already. Ms. Cipriani said they are all currently tracked. She added that Richmond fixed income is the only one they have not recently met with in person.

Mr. Schmidt said after initial review, none of the current managers raise red flags at this time.

Chair Bernardo asked Mr. Barrett if it would be helpful to have a sub committee for

investments. Mr Barrett said that would be welcomed by staff.

Ms. Cipriani proceeded with a market update. She reported that the last quarter was the 7<sup>th</sup> worst in the last 40 years. In September 2018 the S&P reached an all-time high followed by a 20% draw-down.

Mr. Schmidt said 2018 was a year of high volatility by many different measures. Concerns in the overall market include US-China trade relations, BREXIT uncertainty, global slowdown and rising interest rates off of historical low rates. He also reported that the 20% decline is NOT a strong indicator of a recession based on historical data. Also, S&P has recouped about half of the late 2018 losses in January 2019.

Ms. Cipriani noted the overweight positions of the fund in certain areas including equities and real estate that should be reviewed but that it was not a major concern. She said the 9% return net of fees over 10 years was an outstanding indicator and the main focus of the fund should be on the long-term.

Ms. Cipriani covered how value has recently outpaced growth but the growth managers have still recently outperformed the benchmarks. INTECH which does require further analysis seems to have drifted away from Large Cap focus. Emerging markets had the best quarter and this is supported by valuations. Baillie Gifford had a rough year in performance but RVK does not have a major concern here—just a bad year for their approach and that will not always be the case. Mr. Greive pointed out that it's not a good time to be China and tech heavy.

Mr. Barrett updated the board on Pinnacle which has been under increased scrutiny due to performance issues. He pointed out that they have outperformed the benchmarks recently in a down market which is positive.

Mr. Greive asked RVK about their approach on asset allocation. Ms. Cipriani briefly discussed their capital markets review, long-term approach and looking at exploratory options and scenarios. Mr. Greive also asked if their approach considers Florida 215.47 and Ms. Cipriani said yes. Mr. Schmidt added they would be looking at the active vs. passive mix as well. Ms. Shuman pointed out that modifying the current policy is an option. Chair Bernardo asked about Eagle and Ms. Cipriani indicated they are NOT super deep value. Chair Bernardo suspects we have less US value and Ms. Cipriani said that would be reviewed.

Ms. Shuman asked about the timing for all managers review including style and Mr. Schmidt said that is slated for review by the June board meeting.

Mr. Barrett discussed the transition of performance data from Summit and BNY Mellon to RVK and indicated information is being shared so that RVK can take over reporting by March and possibly February.

Mr. Mousa appreciated the clarity of the updates and Mr. Greive voiced approval of

working from a written plan.

**6. OLD BUSINESS**

None

**7. ADMINISTRATIVE**

Mr. Stadelmaier gave an update on the pension portal which is now live for retirees. Approach is to share with new retirees and people calling about payment information. There is also a flyer going in check stubs which goes to all retirees with changes. Plan is to include this through April with the COLA and after that to stop sending pay stubs.

Mr. Wood discussed the REA and offered assistance with supporting the portal. Mr. Mathis reported he had access to see system in test and asked about production. Mr. Stadelmaier said access to production was not available for Board members except for those in the Plan as retirees but staff had administrative access. Ms. Shuman said having screen shots made available was an option for showing functionality to people and Mr. Stadelmaier agreed this was possible for people that would like to see the portal.

Mr. Stadelmaier reported that the Board Rules and Regulations and Pension Ordinance Code is under review and the plan is to make recommendations for the Board to consider. Mainly these will involve important clarifications on how administrative processes are handled today or areas where there are conflicts today. Some of the recommendations will be based on audit feedback as well. Ms. Shuman asked about these changes going to legal first and Mr. Stadelmaier said it would be provided to Mr. Sawyer before coming to the Board. Mr. Mousa pointed out that any code changes should be done together where possible so we only present to council once.

Mr. Mathis asked about the SPD and Mr. Stadelmaier updated the board that the SPD is updated and will be reviewed by the PAC in March and then presented to the Board for approval after PAC input.

**8. INFORMATION**

The next regular BOT meeting will be Thursday, February 28, 2019, at 2 PM.

**9. PRIVILEGE OF THE FLOOR**

Chair Bernardo shared an update on the material from the Pension Conference he attended. Since some Board members have not reviewed it yet he could certainly answer questions at the next Board meeting as well. Mr. Mathis added he is scheduled to attend an upcoming FPPTA conference in Orlando as well.

**10. ADJOURNMENT**

Chair Bernardo adjourned the meeting at about 3:01 PM.