



SUMMARY TO THE BOARD OF TRUSTEES AND F.I.A.C. JOINT MEETING

Thursday, May 12, 2022

9:00 A.M. – 10:39 A.M.

City of Jacksonville Police and Fire Pension Fund
1 West Adams Street Suite 100, Jacksonville, FL 32202

Board of Trustees

Assistant Chief Chris Brown, Chair
Nawal McDaniel, Secretary
Cpt. Michael Lynch
Terry Wood

Financial Investment and Advisory Committee (F.I.A.C.)

Eric "Brian" Smith Jr., Chair
Erwin Lax, Secretary
Steve Glenn
Kendall Park

Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Kevin Grant, Finance Manager

Guests

*Kevin Balaod, With.Intelligence
*Paul Barrett, Treasury
*Gina Chambers, Artemis Real Estate Partners
*Gar Chung, FIN News
*Jordan Cipriani, RVK, Investment Consultant
*Debbie Harmon, Artemis Real Estate Partners
Lawsikia Hodges, Office of General Counsel
*Scott Maynard, RVK, Investment Consultant
*Brennan Merrell, Treasury
*Kevin Nishimura, Artemis Real Estate Partners
*Kevin Schmidt, RVK, Investment Consultant
*Kelly Sheehy, Artemis Real Estate Partners
*Bob Sugarman, Fund Counsel
Randy Wyse, President, IAFF Local 122

*Asterisk denotes virtual meeting attendance via the ZOOM application.

Notice

Meeting Agendas and Summaries are available on our website at jaxpfpf.coj.net. For additional meeting documents, please contact Steve Lundy, Custodian of Public Records for the City of Jacksonville Police and Fire Pension Fund at 904-255-7373 or SLundy@coj.net to file a public records request. Pursuant to the American with Disabilities Act, accommodations for persons with disabilities are available upon request. Please allow 1-2 business days notification to process; last minute requests will be accepted, but may not be possible to fulfill. Please contact Disabled Services Division at: V(904) 630-4940, TTY-(904) 630-4933. If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting. Additional items may be added / changed prior to meeting.

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Summary

- I. Convene Meeting
 - a. FIAC
 - b. Board of Trustees

- I. Pledge of Allegiance

- II. Invocation

Timothy Johnson gave the invocation.

- III. Moment of Silence

Irvin B. "Sonny" Connell Jr., Retired Police Sergeant
Wayne D. Snead, Retired Fire Captain

- IV. Public Speaking

None.

- V. Consent Agenda Items 2022-05-(01-11)CA

Nawal McDaniel moved to approve the consent agenda, seconded by Terry Wood. The vote passed unanimously.

2022-05-01CA Meeting Summaries to be Approved

- 1. Summary to the Board of Trustees Meeting of April 22, 2022

2022-05-02CA Disbursements

The listed expenditures in DISBURSEMENTS A & B have been reviewed and deemed payable. The Police and Fire Pension Fund Finance Manager certifies that they are proper and in compliance with the appropriated budget. Transaction lists attached.

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DISBURSEMENTS A

04-01-2022 thru 04-30-2022

1. Loomis Sayles	\$	265,505.21
2. Sawgrass Asset Management	\$	73,411.13
3. RVK	\$	66,250.00
4. Thompson, Siegel & Walmsley	\$	42,628.26
5. WEDGE Capital Management	\$	158,058.08
Total	\$	605,852.68

DISBURSEMENTS B

04-01-2022 thru 04-30-2022

1. Accounts Payable Distributions	\$	31,847.21
2. Accounts Receivables	\$	29,255.17

2022-05-03CA Pension Distributions

All calculation and dollar amounts have been reviewed and calculated in accordance with accepted procedures.

April 1, 2022

1. Regular Gross	\$	6,957,456.89
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,411,903.77
5. DROP Lumpsum	\$	0.00
6. DROP Rollover	\$	0.00
Total	\$	8,369,360.66

April 15, 2022

1. Regular Gross	\$	7,000,159.69
2. Regular Lumpsum	\$	29,618.46
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,431,981.04
5. DROP Lumpsum	\$	75,000.00
6. DROP Rollover	\$	0.00
Total	\$	8,536,759.22

April 29, 2022

1. Regular Gross	\$	6,990,160.50
2. Regular Lumpsum	\$	0.00

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3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,432,932.54
5. DROP Lumpsum	\$	0.00
6. DROP Rollover	\$	0.00
Total	\$	8,423,093.04

The following Consent Agenda items 2022-05-(04-07CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on May 10, 2022. Vote was unanimous. Meeting Agenda attached.

[2022-05-04CA](#)

Application for Time Service Retirement

[2022-05-05CA](#)

Application for Vested Retirement

[2022-05-06CA](#)

Application for Survivor Benefits

[2022-05-07CA](#)

Application for Time Service Connections

The following Consent Agenda items 2022-05-(08-12CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on May 10, 2022. Vote was unanimous. Meeting Agenda attached.

[2022-05-08CA](#)

Refund of Pension Contributions

[2022-05-09CA](#)

Share Plan Distributions

[2022-05-10CA](#)

DROP Participant Termination of Employment

[2022-05-11CA](#)

DROP Distributions

[2022-05-12CA](#)

DROP Distributions for Survivors

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VI. F.I.A.C. Meeting Summary

a. March 15, 2022 FIAC Meeting Summary

Steve Glenn moved to accept the March 15, 2022 FIAC Meeting Summary, seconded by Kendall park. The vote passed unanimously.

VII. Executive Director’s Report

a. Fiscal Year 2023 PFPF Budget – F.I.A.C. and Board of Trustees action requested

Timothy Johnson briefly covered his report, noting that it is time to approve the Fiscal Year 2023 budget. This budget is proposed and will be updated during the process.

Timothy Johnson said that General Counsel Jason Teal will attend the June Board of Trustees meeting to respond to the Board’s request for reimbursement of charges by OGC.

Kevin Grant covered the Fiscal Year 2023 PFPF Budget. He discussed the Revenues first, including Trust Fund, Building Rental, and Parking, totaling \$14,095,704. Next, he discussed the Expenditures, including Personnel, Operations, Professional Services, Investments, Capital Outlay, Building Operations, and Parking Operations, totaling \$14,095,704.

Kevin Grant answered a question from Brian Smith regarding the parking. He said that there is a possibility to reach the capacity of parking spaces that receive rent, which would put the fund at 100% capacity on “available rentable spaces”, but in excess of 90% on “total garage capacity”.

Brian Smith asked if a waiting list would be established once the parking garage is at capacity.

Kevin Grant said yes, and that we set aside some spaces for new building tenants.

FIAC: Kendall Park moved to approve the Fiscal Year 2023 PFPF Budget, seconded by Steve Glenn. The vote passed unanimously.

Board of Trustees: Terry Wood moved to accept the FIAC’s recommendation to approve Fiscal Year 2023 PFPF Budget, seconded by Nawal McDaniel. The vote passed unanimously.

VIII. Investment Consultant Reports

a. Non-Core Real Estate Fund Recommendation – Artemis Real Estate Partners Healthcare Fund

Jordan Cipriani introduced the RVK’s Non-Core Real Estate Recommendation: Artemis Real Estate Partners Healthcare Fund II:

Non-Core Real Estate Recommendation Summary (page 2)

- PFPF’s current asset allocation targets include a 5% target to Non-Core Real Estate.

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- In 2021, the Board approved two Non-Core Real Estate commitments consistent with the PFPF’s pacing goals. H.I.G. Realty Fund IV (\$25M) and Hammes Partners Fund IV (\$15M), totaling \$40M in commitments.
- In March 2022, RVK presented an updated pacing analysis for the Non-Core Real Estate allocation (see Appendix for summary), which recommended continuing to target approximately \$40 million in annual commitments to the asset class, across one to two investment options per year, in order to achieve the target allocation by 2026.
- The purpose of the presentation today is to bring forward RVK’s recommendation for the first of two 2022 Non-Core Real Estate fund recommendations, Artemis Real Estate Partners (REP) Healthcare Fund II, a healthcare-focused real estate fund. Specifically, RVK recommends the PFPF commit \$20M to Artemis REP Healthcare Fund II.
 - Consistent with our goals last year, we remain focused on identifying complementary, non-traditional / niche sector, strategies with tailwinds supported by demand drivers that are delinked from economic cyclicality (e.g. healthcare, housing, and/or storage related strategies). We believe the Artemis Healthcare Fund II investment strategy will directly contribute to meeting these goals.
 - Furthermore, consistent with the Board’s objectives to identify and promote diversity within the investment managers it chooses to engage with, an investment with Artemis Real Estate Partners provides the PFPF’s Real Estate portfolio exposure to a majority women and minority-owned firm that is a market leader in promoting workforce diversity and widening the circle of opportunity for women and minorities in the real estate industry at-large.

Artemis REP Healthcare Fund II: Key Questions & Answers

- What’s the Role of Artemis Healthcare Fund II?: Serves as an attractive, complementary investment for the PFPF’s Non-Core Real Estate program. It provides the PFPF exposure to a diversified healthcare-focused strategy with extremely favorable dynamics, inclusive of an aging population which will drive greater demand for healthcare going forward, and the durable and defensive nature of the market opportunities the Fund will pursue.
- Why Artemis Healthcare Fund II?: RVK views Artemis’ healthcare-focused strategy favorably. The strategy seeks to capitalize on the bifurcated impact that the pandemic has had on real estate markets. This investment approach has the potential to generate strong current income, coupled with attractive buying and lending opportunities in the senior housing segment of the market. The Fund intends to achieve roughly 50% of its return from cash-flowing stabilized assets and approximately 50% from distressed assets. The Fund will pursue assets that generally require limited capital expenditure, which results in a lower risk profile relative to other non-core funds, which will help balance the risk in the PFPF’s real estate portfolio. Lastly, Artemis is a majority women and minority-owned firm, which aligns with PFPF’s diversity initiative.
- How does the PFPF Benefit?: An investment in Artemis Healthcare Fund II will contribute towards the PFPF’s build-out of its Non-Core Real Estate allocation and help better align the Fund with its long-term policy targets. Our goal with non-core real estate in general is to offer the Fund the ability to generate attractive long-term risk adjusted returns, with low correlations to traditional asset classes.
- What is the Expected Time Horizon?: We expect the life of the Fund to run approximately ten years with the possibility of two one-year extensions. The Artemis team will have four years to deploy capital. A period of asset “harvesting” will follow over the subsequent years where the Artemis team will focus on maximizing asset value, exiting its investments, and realizing profits, which will be returned to investors over time.

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- How Will Capital Calls be Funded?: Capital calls will be sourced via overweight investments in equities and fixed income, both of which are highly liquid. RVK and Staff will use existing targets to guide the rebalancing process over time.

Debbie Harmon, Kelly Sheehy, Kevin Nishamura and Gina Chambers of Artemis Real Estate Partners joined and gave their presentation to the FIAC and the Board of Trustees on the Artemis Real Estate Partners Healthcare Fund II.

Debbie Harmon began the presentation starting on page 5:

Artemis Real Estate Partners Overview:

- Across the United States, Artemis has invested approximately \$11 billion in gross purchase price in real estate equity and debt investments.
- Artemis co-founded in 2009 by Deborah Harmon and Penny Pritzker as a diverse and majority woman-owned firm
- Team of approximately 65 diverse members with breadth and depth of experience from prior roles as operators, fund managers, lenders, and special servicers
- \$7.7 Billion equity raised across four primary business lines

Debbie Harmon covered the Artemis investment platform, noting the four primary business lines: healthcare, value-add/opportunistic, core/core plus, and debt. \$7.7 billion of institutional capital has been raised across the risk spectrum.

Debbie Harmon covered the Artemis team on page 7. The senior executive team has over 22 years of average industry experience, and more than half of the managing directors have worked together for the past 15 years. Seven of fourteen managing directors and above have worked together for the past 15 years. A diverse team of approximately 65 people work across four offices in Chevy Chase, MD, New York City, NY, Los Angeles, CA, and Atlanta, GA. Fifty percent of employees are women and/or minorities.

Gina Chambers covered Diversity and Inclusion on page 8:

- 83.7% of money management executives are white (74.6% are male)
- 0.8% of assets under management in the real estate private equity industry are managed by women-owned firms
- 1.2% of assets under management in the real estate private equity industry are managed by minority-owned firms
- 13% of investors have refused an opportunity due to lack of diversity at the manager level.
- Since 2009, the Artemis team has been approximately 50% diverse at every level of the organization. Today, over 50% of senior positions are held by women and minorities.
- Transformational access to capital and resources; competitive advantage through scale of emerging and diverse partner network and the outperformance of diverse and emerging firms.
- Dedicated analyst program diversifying entry-level talent and hiring from undergrad.
- The firm partners with Urban Alliance, SEO, and Toigo and others to provide exposure, training and mentoring opportunities to talented, diverse high school, college and business school students.
- Artemis' Summer Enrichment Program has trained nearly 200 students, in person and virtually, and served as the template for the launch of the PREA/SEO Real Estate Track, one of the first programs of its kind in the real estate industry

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- The PREA Foundation, chaired by Deborah Harmon, has raised \$19MM+ to advance diversity and inclusion in the real estate investment community.
- The Foundation has committed \$4 million to create the PREA/SEO Real Estate Track for undergraduate students, the one of the first programs of its kind in the real estate industry that will work to train and place Black, Latino and Native American undergraduates into entry-level roles on a large scale. Foundation programs have impacted nearly 1,000 students.
- Artemis and 100% of our Emerging Managers have committed over \$1.2 million+ to the PREA Foundation in support of its high-impact, innovative partnerships.

Kelly Sheehy covered page 10, Artemis Healthcare Focus. A balanced strategy and execution capability seeks to benefit from the healthcare sector's stable long-term demographic demand drivers:

Medical Office

- Focus on properties that provide specialized build-outs for doctor groups, physical therapists, medical technicians, and labs
- Pursue properties on or near hospital campuses with tenant base of credit health systems and regional physicians
- Seek to acquire stabilized portfolios of cash-flowing assets as well as single assets that can be aggregated into a portfolio and potentially sold at a premium

Senior Housing

- Focus on age restricted communities for the elderly with varying levels of healthcare and social services
- Private pay tenant base, with focus on proximity to residents' adult child
- Seek to acquire/finance single assets and portfolios with temporary flaws related to operational inefficiencies or situational distress

Healthcare Debt

- Seek to capitalize on voids left by traditional lenders retrenching or exiting the space
- Aim to purchase existing debt at a discount, including first mortgages, B-pieces, mezzanine debt, and non-performing loans
- Anticipate originating across the capital stack, including preferred equity, mezzanine loans, and rescue capital for distressed borrowers

Kelly Sheehy covered the Healthcare Fund Series Portfolio Allocation on page 11. Healthcare Fund II targets an allocation of 33% to Senior Housing, 33% to Medical Properties, and 33% to Debt, with a 11-14% target net IRR, and a target 4-5% cash-on-cash yield.

Kelly Sheehy covered Healthcare Fund II Market Opportunity and Situational Distress on page 12. There is opportunity to invest in senior housing after significant disruption. Senior Housing Strategy seeks to capitalize on situational distress and pricing dislocation in senior housing impacted by COVID-19. Debt Strategy provides rescue capital to distress borrowers and acquires discounted debt positions.

Kevin Nishamura covered Healthcare Themes in Today's Market on page 13. There is opportunity to invest in situational distressed senior housing while benefiting from cash-flowing medical office and debt investments.

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Kevin Nishamura covered the Healthcare Fund II Update on page 14. Artemis believes Healthcare II is well positioned to capitalize on post-COVID situational distress and secular tailwinds:

- \$750MM target; \$531MM gross purchase price; \$177MM of committed equity; 8 investments; 11-14% target net IRR; 1.5x target net multiple
- Healthcare II Initial Investments:
 - Diversified Across Product Type: 4 programmatic medical office JVs; 3 senior housing investments; 1 skilled nursing debt investment;
 - Diversified Across the Capital Stack: 6 equity investments and 2 debt investments

Debbie Harmon concluded the presentation on page 15, Why Artemis Healthcare Fund II: Niche Exposure & Compelling Risk-Adjusted Returns. Artemis committed \$41 million to Healthcare Fund II, demonstrating conviction the Fund will benefit from diversification and current market dislocation. She said it would be an honor to partner with the Police and Fire Pension Fund.

Brian Smith asked how Artemis finds candidates in debt, senior housing, and office spaces.

Kelly Sheehy said Artemis has multiple methods of sourcing opportunities. Artemis makes calls and gets calls for senior housing. Artemis is also a partner for a lot of lenders in the debt space. There is a big industry for healthcare-dedicated lenders. Artemis has 5 different joint venture partners in the medical office space.

Brian Smith asked where Artemis stands on debt positioning, noting that previous managers have said they prefer to not taking a subordinate debt position when acquiring debt.

Kelly Sheehy said that Artemis originates most of its debt, and is in full control of its position. If the borrower breaks the covenant, it is Artemis' choice to leave, or put into default.

Gina Chambers covered the fee structure on page 17 in response to a question by Brian Smith:

- Preferred Return: 7.5% hurdle rate;
- Profit Sharing: 15% over hurdle;
- Catch-Up: 50/50 catch up after hurdle rate achieved, until 15% of the profits to the GP;
- Management Fee: During the Commitment Period, 1.0% of aggregate uninvested Capital Commitments and 1.5% of Capital Invested, After the Commitment Period, 1.5% of Capital Invested.

Steve Glenn asked Jordan Cipriani about the asset allocation, and its underweight to large cap growth.

Jordan Cipriani said that the fund is anticipated to be overweight to equities over the next few years as we build out the private investments allocation.

Steve Glenn commented that he believes managers like Artemis are the wave of the future. He said he questions the recommended \$20 million allocation, and is thinking of allocating more rather than less.

Jordan Cipriani said she appreciates Mr. Glenn's comments, and RVK is thrilled to bring forth best ideas. She briefly covered the pacing projection, noting that the fund is anticipated to reach target allocation of 5% to private investments in 2026, with \$40 million allocated this year. The recommended allocation to Artemis is about half of that. The remaining capital would be reserved for another manager, making sure to diversify by sector.

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Brian Smith thanked Artemis for their time, and said he appreciated their thorough presentation. He asked if the FIAC had any questions for RVK before a motion. There were no questions.

FIAC: Steve Glenn moved to accept RVK's recommendation for a \$20 million investment in the Artemis Real Estate Partners Healthcare Fund II, seconded by Kendall Park. The vote passed unanimously.

Board of Trustees: Terry Wood moved to accept the FIAC and RVK's recommendation, seconded by Michael Lynch. Discussion:

Terry Wood asked RVK what their biggest concerns to overcome were when considering Artemis.

Scott Maynard said that the largest was the increase in fund size, from \$476 million to a \$1 billion cap. Because of the size of the medical office space assets, it takes longer to deploy capital, as you have to buy one asset at a time. Another concern was the firm's shorter track record.

Terry Wood asked if RVK feels Artemis has the capacity to handle a fund double the size as the first.

Scott Maynard said yes.

Jordan Cipriani said that Artemis has made opportunistic hires in anticipation of this growth – a larger team for a larger fund size.

Michael Lynch asked Jordan Cipriani if RVK would be comfortable with an allocation to Artemis in excess of the \$20 million recommendation.

Jordan Cipriani said if the Board desires to increase the allocation, RVK would say increase it to \$25 million. There are other priorities this year, and we want to take a balanced approach.

Chris Brown said that equities have not been the panacea over the last decade. The nature of the investment in Artemis is very promising. He said that RVK recommends \$20 million, but it may be smart to allocate more.

Scott Maynard said that Artemis has confirmed the capacity to accept a \$20 million investment, and are nearing the hard cap. We could have a conversation with them to increase to \$25 million. RVK has no concern with a \$25 million allocation.

Nawal McDaniel said the motion could be amended to say "up to \$25 million".

Lawsikia Hodges and the Board of Trustees discussed the mechanics of amending a motion.

Board of Trustees: Michael Lynch moved to amend the original motion, to say "up to a \$25 million investment if the capacity is available", seconded by Nawal McDaniel. Discussion:

Brian Smith said he is comfortable with \$25 million since RVK says it is OK. He said his only concern would be investment year diversification, and if we are hampering the remainder of the fund's private investments for the year.

Chris Brown said he would like to see the percentage allocation to private investments increase, so this would not be hampering because of the growing allocation.

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Jordan Cipriani said that Artemis is a high conviction name, and that the pacing analysis calls for investments of \$40-45 million over the next few years, so this is flexible based on the opportunity set. She said neither she nor Scott Maynard have concerns with the additional \$5 million allocation to Artemis.

Board of Trustees: The vote to amend the original motion passed unanimously.

Board of Trustees: The vote on the original motion, as amended, passed unanimously.

Kevin Schmidt briefly covered the market update. April saw a continuation of the themes of interest rate risk, political tensions in the Russia-Ukraine conflict, and Chinese lockdowns have been a major drag on global supply chains. The month was volatile for markets. All asset classes are down, with US and international equities hit hard. April's performance is estimated to be negative 5.7% based on the indices.

Brian Smith informed the FIAC that this meeting replaced the May 17, 2022 FIAC meeting. He also informed the FIAC that he would be unable to attend the FIAC meeting on July 19, 2022.

Michael Lynch said that the Board of Trustees has discussed the City's surtax growth rate assumption multiple times in the past. He said the numbers compound over the last few years, and eventually, it would be impossible to hit expectations. He asked if the FIAC has considered this or discussed the rates.

Brian Smith said the FIAC has discussed this with GRS. He said if this is something the Board of Trustees is asking the FIAC to look into, we would add it to the FIAC agenda.

Terry Wood added that he has been concerned with the City's surtax growth rate assumption, and judges the motive behind the whole deal.

Michael Lynch said he is OK with the surtax growth rate assumption as long as it is reasonable. There are 8 years left until the fund realizes the money. He said he wants to be cautious with the assumptions.

IX. F.I.A.C. Adjournment

a. Next Meeting: FIAC – Tuesday, July 19, 2022 at 3:30PM

The FIAC meeting adjourned at 10:20AM.

X. Counsel Reports

a. Fee Dispute with the Office of General Counsel

Lawsikia Hodges said that General Counsel Jason Teal would attend the June Board of Trustees meeting to address the letter on reimbursement of the Keane litigation fees, and concern with the 2016-02 and 2022-01 legal opinions. She invited the trustees to send any questions they may have to her prior to the meeting for Jason Teal to address.

Lawsikia Hodges said OGC has been working behind the scenes, and held meetings with Pension Office Staff. On April 7, a meeting was held with Jason Teal and Timothy Johnson to hear Tim's perspective on the Trustees' concerns. Michael

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Lynch suggested he had not met with the General Counsel, and on April 25, the General Counsel met with Michael Lynch for an hour and a half. She said a meeting is scheduled for Monday with Timothy Johnson regarding some of OGC's bills to the PFPF, on the logistics of how the Pension Office receives the bills.

Lawsikia Hodges said she wanted to give the Board of Trustees the opportunity to direct OGC to do more research on the questions Michael Lynch posed, the first being whether or not OGC and Bob Sugarman are fiduciaries to the Board of Trustees. She said that she and Bob Sugarman agree that under 22.06 of the City Charter, they are not fiduciaries. But there are heightened responsibilities under the Florida Bar standards. There may be case law as well. She said she would propose to work jointly with Bob Sugarman on this. The second question was relating to secondary employment. She said she followed up with JSO HR Director Larry Schmitt, but has not spoken with anyone on the JFRD side. She said she would be happy to work on this further with clear direction from the Board of Trustees.

Chris Brown said he wouldn't want to make a decision to incur extra cost without a Board vote.

Nawal McDaniel asked if this research would be to confirm whether OGC and Bob Sugarman are fiduciaries to the Board of Trustees.

Lawsikia Hodges said that there are three buckets here to answer. She said her answer in March was generic and without research. She said OGC could map that out in a legal opinion and show analysis. The other area is the obligation to the Board of Trustees as government lawyers which have a different set of standards under the Florida Bar rules. The opinion could underscore the heightened standards. Case law could also be researched.

Chris Brown asked for Bob Sugarman's thoughts on the matter of counsel serving as fiduciary.

Bob Sugarman said he agrees with what Lawsikia Hodges said. There are different standards for government lawyers like Lawsikia Hodges than Florida lawyers like himself. The basic principle is that lawyers must zealously represent their clients, looking out for their best interest. The second duty, as a Florida lawyer, is of exclusive, undivided loyalty.

Bob Sugarman discussed remedies – if the Board thinks someone has breached their duty, you sue them. If that is a lawyer, you file a complaint with the Florida Bar. The Bar investigates, then brings us in front of a grievance committee in a matter of months. State Law and City Ordinance do assign fiduciaries to "full time employees" of the fund.

Bob Sugarman reminded the Board of Trustees to file their annual financial disclosures by July 1.

Bob Sugarman said he continues to work with Timothy Johnson on the Livingood case.

Nawal McDaniel asked Timothy Johnson for an update on Richard Patsy's vacant seat on the Board of Trustees.

Timothy Johnson said he does not have an update – the seat is appointed by the City Council, and at this point, they are aware of the vacancy but have not taken action to fill it.

Chris Brown asked if there will be a Board of Trustees meeting in July.

Timothy Johnson said that he will bring a recommendation to the Board in June regarding the July meeting, if there is business to conduct, the meeting will be scheduled, if not, then he would recommend a hiatus until August.

Michael Lynch said that when counsel discussed fiduciary duty, and 'zealously representing their client', two points show that standard is not sufficient for the Board to accept. The first is that originally in the Keane case, the Board had counsel that the Senior Staff Plan was legal, and did not want to pursue the case. The Board's advocate took the Board down a

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path which cost us \$400,000. After the settlement, the Board decided to engage Bob Sugarman directly by unanimous vote, and the Office of General Counsel lobbied the City Council and made arguments against the PFPF budget. OGC argued against us, and sent us the bill for doing it. Both of those points highlight that OGC's responsibility is to their client, the City of Jacksonville. If the Board's decisions and wishes are 100% in line with that, then OGC will represent us. If they are not, then they will choose the City of Jacksonville. That should remain in the back of everyone's head – you cannot serve two masters. Sometimes, it works, and sometimes it does not.

Terry Wood said that in his experience in a different role over the past 20 years, that group felt the OGC was the Mayor's best friend. If our goals and their goals aligned, they were the best legal team. If the goals don't align, then you get a shade of whatever. He said he agreed with Michael Lynch, noting the Keane case.

Chris Brown said that he has asked all along that if the Board feels there is a conflict, then the Board should have the right to independent counsel. If there is no conflict, OGC are phenomenal attorneys.

Nawal McDaniel said that conflicts would be rare circumstances, and there is no issue on day-to-day business.

Chris Brown said he agrees.

Terry Wood said that the Board asked for Bob Sugarman's contract to be with the Board of Trustees, but OGC came back and said no.

Michael Lynch added that OGC sent us the bill for it.

Chris Brown said that if the Board finds itself in another situation like the Keane case, the Board has got to have the right to independent counsel. It is not fair for OGC to be placed in the position to represent to different clients with two different interests.

Terry Wood said that when this Board of Trustees was established, the then-General Counsel sent the Board a letter saying that the OGC could not represent the Board because they would be representing both sides of the table. That was the reason why the Board of Trustees hired independent counsel.

XI. Council Liaison Update

None.

XII. Old Business

None.

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees and F.I.A.C. Joint Meeting of
Thursday, May 12, 2022
9:00 A.M. – 10:39 A.M.

XIII. New Business

None.

XIV. Upcoming Meetings

- a. Board of Trustees & FIAC Manager Update Workshop – Wednesday, May 18, 2022 at 12:00PM*
- b. Board of Trustees – Friday, June 17, 2022 at 9:00AM*

XV. Board of Trustees Adjournment
10:39 A.M.

F.I.A.C. Adjournment
10:20 A.M.

Nawal McDaniel, Board Secretary

Erwin Lax, FIAC Secretary

Summary Prepared By:

Steve Lundy, Deputy Director
City of Jacksonville Police and Fire Pension Fund

Posted: 05/19/2022

To be Approved: 06/17/2022 (Board of Trustees)

To be Approved: 07/22/2022 (FIAC)