

ATTACHMENT 1.
OUTLINE OF ENHANCED INVESTMENT AUTHORITY
AND ORDINANCE CODE LANGUAGE

The provisions of Article X, paragraph 28 of the Restated Agreement between the City of Jacksonville and the Police and Fire Pension Board among other things provide for the parties to make available to each other on a continuing basis, all information that is necessary to insure the success of this Agreement and to work harmoniously to recodify existing Police and Fire Pension Ordinance consistent with the intent of the Agreement and existing practice; and,

Diversification is one of general techniques for reducing investment risk. Diversification is a risk management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio of different kinds of investments will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio; and,

Diversification strives to smooth out unsystematic risk events in a portfolio so that the positive performance of some investments will neutralize the negative performance of others. Therefore, the benefits of diversification will hold only if the securities in the portfolio are not perfectly correlated, and,

Article 22.02(d) and 22.04(b), Charter of the City of Jacksonville, provide the Board shall have the authority to invest and reinvest the assets of the plan without regard to any limitation in chapters 175 and 185, Florida Statutes, and shall be bound by the provisions of chapter 112, part VII, Florida Statutes, and the applicable provisions of s. 215.47, Florida Statutes.

The Police and Fire Pension Board of Trustees has adopted a Resolution requesting the City Council to amend the Ordinance Code to codify the investment authority granted the Board in Article 22, and authorize investments under the applicable provisions of s. 215.47, Florida Statutes

Section X. The Board is authorized to invest and reinvest the assets of the Pension Fund in:

(1) Any lawful investment as provided in applicable provisions of s. 112.661, 175.071, 185.06, 215.47, Florida Statutes, and "Alternative Investments" defined as:

(a). "Alternative investment" means an investment by the Board in a private equity fund, venture fund, or distress fund or a direct investment in a portfolio company through an investment manager.

(b). "Alternative investment vehicle" means the limited partnership, limited liability company, or similar legal structure or investment manager through which the Board invests in a portfolio company.

(c). "Portfolio company" means a corporation or other issuer, any of whose securities are owned by an alternative investment vehicle or the Board and any subsidiary of such corporation or other issuer.

(d). "Portfolio positions" means individual investments in portfolio companies which are made by the alternative investment vehicles.

(e). "Proprietor" means an alternative investment vehicle, a portfolio company in which the alternative investment vehicle is invested.

Provided the investment is permitted in the written investment policy adopted by the Board as provided in chapter 112, part VII, Florida Statutes.

Prior to the adoption of any change in asset allocation or the introduction of a new asset class, the Board shall give 10 days written notice of the meeting at which the proposed change shall be considered to the City Council Finance Committee.

Section X. This ordinance, among other things, authorizes certain amendments to the Agreement attached as Exhibit 1 to Ordinance 2000-1164-E which has subsequently been amended three (3) times. Such Amendment No. 4 to the Agreement contained within Exhibit A hereto maintain the term of the Agreement to September 30,

2030, is attached as Exhibit XX hereto and by reference made a part hereof.

Section X. Savings Clause. The provisions as set forth herein amend and restate the terms of the existing Police and Fire Pension Plan. To the extent not amended or restated, all provisions of the superseded plans shall remain in full force and effect. It is intended that there be no lapse either in time or effect between this plan and such superseded plans. Any Ordinance or part of any Ordinance in conflict with the provisions hereof is repealed to the extent of the conflict and should any part of this Ordinance be held invalid by a Court of competent jurisdiction, the remainder of this Ordinance shall continue in full force and effect and it shall be presumed that this Ordinance was adopted without the invalid provision. To the extent that anything contained herein may be inconsistent with the terms of Chapters 175 and 185, Florida Statutes, those Chapters will control.

Section X. Effective Date. This Ordinance shall become effective upon the joint occurrence of (1) the signature of the Mayor or upon becoming effective without the Mayor's signature, and (2) upon the filing with the Council Secretary of written proof of approval of this Ordinance in its entirety by the Police and Fire Pension Board.