



SUMMARY TO THE REGULAR F.I.A.C. COMMITTEE MEETING

Friday, December 13, 2019

3:34 P.M. – 4:14 P.M.

City of Jacksonville Police and Fire Pension Fund
1 West Adams Street Suite 100, Jacksonville, FL 32202
Richard "Dick" Cohee Board Room

The next Financial Investment and Advisory Committee (F.I.A.C.) meeting will be held January 17, 2020 at 9:00 A.M.

Financial Investment and Advisory Committee

Eric "Brian" Smith Jr., Chair

Rob Kowkabany

Rodney Van Pelt

Guests

Erwin Lax

Staff

Steve Lundy, Deputy Director

Kevin Grant, Finance Manager

Pete Strong, GRS, Fund Actuary, (via Webex)

Bob Sugarman, Fund Counsel (via Webex)

Excused

Craig Lewis Sr., Secretary

Timothy H. Johnson, Executive Director – Plan Administrator

Lawsikia Hodges, Office of General Counsel

Notice

Meeting Agendas and Summaries are available on our website at jaxpfpf.coj.net. For additional meeting documents, please contact Maria Young, Custodian of Public Records for the City of Jacksonville Police and Fire Pension Fund at 904-255-7373 or MariaY@coj.net to file a public records request.

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Agenda

I. Public Speaking

None.

II. Meeting Summaries

a. *October 11, 2019 FIAC Meeting Summary*

Rob Kowkabany made a motion to approve the October 11, 2019 FIAC Meeting Summary, with a typo correction on page 2. Seconded by Rodney Van Pelt. The vote passed unanimously.

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular F.I.A.C. Meeting of
Friday, December 13, 2019
3:30 P.M. – 4:14 P.M.

III. Old Business

Brian Smith invited Erwin Lax to speak with the FIAC. Timothy Johnson sent Mr. Lax's resume to the FIAC before the meeting. Mr. Lax is interested in serving on the FIAC.

Erwin Lax introduced himself. He said he is the fund administrator of the Jacksonville Maritime Association / International Longshoremen's Association Welfare & Pension Administration. The fund, and a couple other trust agreements are around \$80-90 million in total assets. He said he has served in this capacity for the last 15 years. He said he has a keen interest in pensions, and would like to give back and volunteer. He said he has spoken with Trustee Willard Payne, and got excited at the possibility of serving on the FIAC.

Brian Smith asked about Mr. Lax's experience at the Jacksonville Economic Development Commission.

Erwin Lax said he was the Chief of Strategic Planning for JEDC, and rolled out a new quality management initiative. JEDC received the Sterling Award for this implementation. This was around the time of the Super Bowl. He said he worked for JEDC for around 5 years.

Rodney Van Pelt asked about Mr. Lax's work at the pension and with the Board.

Erwin Lax said he reports to his Board just like Timothy Johnson reports to the Police and Fire Board of Trustees. He said he reports to a joint-Board of Trustees comprised of management and labor personnel. He also works with pension staff on a day-to-day basis.

Erwin Lax said that the administration is funded from the employer side – the shipping companies who hire the longshoremen. Depending on the job, longshoremen are paid hourly, and they pay pension contributions by the hour.

Rob Kowkabany asked Mr. Lax what the biggest challenge has been running the pension administration.

Erwin Lax said from an administration standpoint, the biggest challenge is records – making sure work is done timely and accurately. He also said that the pension administration is in the process of automating – the integration of information technology services around labor orders, jobs, and fringe information has been complicated. Timesheet data is mined, and invoices are sent for pension contributions. This has been a big challenge, but it is a labor of love.

Brian Smith said that the FIAC recommended that the Board of Trustees hire RVK as the new investment consultant. The Board of Trustees accepted the recommendation. Now, we are in the transition period.

Kevin Grant said the contract phase is still ongoing – language is being solidified with the attorneys. We just received the \$120 million City Contribution.

Rodney Van Pelt asked if the FIAC would vote on how to allocate the \$120 million.

Kevin Grant said the money just came in, and the investment consultant contract isn't finalized.

Steve Lundy said the Board of Trustees can approve an allocation first, and the FIAC could approve it retroactively. A 'retroactive' action similar to this has happened before regarding the allocation of the City Contribution.

Rodney Van Pelt asked what rate we earn on the \$120 million in cash.

Kevin Grant said the rate is 1.1%.

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular F.I.A.C. Meeting of
Friday, December 13, 2019
3:30 P.M. – 4:14 P.M.

Brian Smith said there is a flyer for the PFPF Holiday Party in the FIAC book. The party is from 2PM-6PM on the 20th in the PFPF atrium. He said last year's party was a great opportunity to meet different folks and to network in a relaxed environment.

IV. New Business

a. GRS Actuarial Services Consulting Agreement

Brian Smith said that GRS is nearing the end of their contract. We are looking for a recommendation to extend the contract for one year.

Steve Lundy said the GRS contract provides for two 1-year renewals with the same terms. If approved today, this would be the first of the two, 1-year renewals. The term would last through December 31, 2020.

Rodney Van Pelt moved to extend the GRS contract for the first 1-year renewal. Seconded by Rob Kowkabany.

Discussion:

Brian Smith said he has been pleased with Pete Strong and GRS. He said this is an easy decision for him.

Rodney Van Pelt asked about various portions of the contract. Pete Strong, Fund Actuary, was called to discuss the contract.

Pete Strong said the \$2,500 piece is incorporated into the Actuarial Valuation each year – it is a full projection over 40 years of the future liabilities, assuming all the assumptions are fully realized. This includes future benefits and salaries. The 40-year period shows the contribution each year, the funded ratio each year, and the surtax each year. In the past, the price for this extra information was over \$2,500, but this year, the system is set up to be more efficient and the price has been lowered.

Rodney Van Pelt asked about the experience study.

Pete Strong said GRS's recommendation will be to perform an experience study in 2020. The last one was performed before GRS was the fund's actuarial firm. The experience study tabulates all the experience for the census data for the past 5-year period. All retirement, disability, and salary experience is broken down by age and service. Then, we come up with revised assumptions based on actual experience, and the impact of those assumption changes.

Brian Smith said this helps to make future projections more accurate.

Pete Strong agreed. Typically, most plans perform an experience study every 5 years. This is also the best practice according to the GFOA and actuarial community.

Brian Smith asked for the PFPF Staff's opinion of GRS before calling a vote.

Kevin Grant said GRS has been outstanding, and very responsive. Always available.

Steve Lundy said that Pete Strong is a genius, has always been available, and has been a phenomenal asset for the fund in special projects such as the DOJ-COJ pension adjustments and DROP & COLA adjustments.

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular F.I.A.C. Meeting of
Friday, December 13, 2019
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Brian Smith asked about the process for extending the GRS contract beyond 2021 or otherwise, should the contract be extended again next year.

Kevin Grant said an RFP would be most likely, however the FIAC and Board could extend the GRS contract even further should they so choose.

Brian Smith said the FIAC and Board could extend the contract for 3 years, at any time, for example. However, for competitive reasons, an RFP would probably be used. GRS could come back and suggest a lower price. He said he thought it was productive to open up the fee discussion with RVK.

Brian Smith called for a vote.

The vote passed unanimously.

Brian Smith invited Richard Patsy to speak.

Richard Patsy said he would try to attend more FIAC meetings in the future. The investment side of the equation will become more complex with the migration to RVK as investment consultant. He said his plan is to meet with the FIAC on a quarterly basis. This will help facilitate discussions coming to the Board of Trustees.

Brian Smith said Richard Patsy would be a 'Board Liaison' of sorts.

Richard Patsy said not formally. He said this is what he does normally. This is a kind of recreation for him. He said if there is anything pertinent on the FIAC agenda for the Board of Trustees, he would attend those FIAC meetings as well.

Steve Lundy reminded the FIAC that the next FIAC meeting is a joint meeting with the Board of Trustees at 9:00 A.M. on January 17th, 2020. The Actuarial Valuation, and the Audit will be presented.

V. Adjournment

4:14 P.M.

Summary Approved:

Craig Lewis Sr., Secretary
Financial Investment and Advisory Committee

Summary Prepared By:
Steve Lundy, Deputy Director
City of Jacksonville Police and Fire Pension Fund

Posted: 12/18/2019

To be Approved: 01/17/2020