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**JACKSONVILLE POLICE AND FIRE PENSION FUND  
FINANCIAL INVESTMENT AND ADVISORY COMMITTEE  
MEETING SUMMARY – DECEMBER 8, 2017 – 3:30PM**

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**PRESENT**

Eric "Brian" Smith Jr., Chairman  
Craig Lewis Sr., Secretary  
Tracey Devine  
Rob Kowkabany  
Rodney Van Pelt

**STAFF**

Timothy H. Johnson, Executive Director – Plan Administrator  
Steve Lundy, Assistant Plan Administrator  
Kevin B. Grant, Finance Manager  
Dan Holmes, Summit Strategies – via webex

**I. CALL TO ORDER**

*Chairman Brian Smith called the meeting to order at 3:38 PM.*

**II. PUBLIC SPEAKING PERIOD**

*There were no requests for public speaking. Public Speaking Period Closed.*

**III. MEETING SUMMARY TO BE APPROVED**

1. Meeting Summary of the FIAC Meeting held November 9, 2017.  
Copies held in the meeting files.

*A motion was made by Rodney Van Pelt to approve the Meeting Summary of the FIAC Meeting held November 9, 2017, seconded by Rob Kowkabany. The vote was unanimous.*

**IV. EXECUTIVE DIRECTOR'S REPORT**

*Timothy H. Johnson*

1. FIAC Work Plan

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*Timothy Johnson discussed changes to the FIAC Work Plan: first, the Asset – Liability Study. He said he anticipates Dan Holmes having this complete by the February FIAC meeting. He said that the January FIAC meeting is important in that the Actuarial Report will be presented.*

*Brian Smith asked if Pete Strong could present his Actuarial Report to the FIAC through an audio-visual setup.*

*Timothy Johnson said that we have the capability to do a videoconference in the Board Room.*

*Tracey Devine said that she found it odd that the International Small Cap discussion was scheduled before the Asset Allocation Review on the FIAC Work Plan.*

*The FIAC discussed where to place the International Small Cap discussion on the FIAC Work Plan.*

*Brian Smith said that the FIAC should wait until Dan Holmes calls in to ask for his suggestion before making any changes to the Work Plan.*

*Timothy Johnson discussed the Investment Consultant Review, noting that Dan Holmes is the Investment Consultant for the PFPF and the GEPP/COPP. He said there is a shared momentum with the City, and that the Board of Trustees was reluctant to evaluate the Investment Consultant in the midst of pension reform.*

*Tracey Devine said that she has discussed Summit Strategies with other professionals, saying that she has never heard anything to raise concerns, and all comments have been positive.*

*Craig Lewis said that he has also talked with professionals about Summit Strategies, saying that there are some things he has heard which may warrant a closer look.*

*Tracey Devine said that she thinks a Request For Information should be sent out at least every few years for the Investment Consultant.*

*Craig Lewis said that a business update should be requested from Summit Strategies, showing how many new clients they have, etc...*

*Tracey Devine volunteered to work with Timothy Johnson or Kevin Grant whenever a new RFI/RFP is developed for the Investment Consultant or Custodian.*

*Steve Lundy said that he would research and send out the original Investment Consultant RFP which led to Summit Strategies being hired.*

*Brian Smith suggested finding the GEPP/COPP's original RFP as well. He said that the PFPF and GEPP/COPP may have used the same document.*

2. 2018 Calendar

*Timothy Johnson discussed the draft 2018 PFPF Calendar. He said that the Board will approve the calendar on Friday following the committees' review.*

***A motion was made by Rob Kowkabany to approve the 2018 PFPF Calendar, seconded by Tracey Devine. The vote was unanimous.***

*Timothy Johnson said he wanted to bring the year end budget results this month; however it is still in process. He said that it would be ready in January.*

*Kevin Grant introduced himself to the FIAC members who were not present at the last meeting. He said that he is glad to be here.*

*Rodney Van Pelt commented on the PFPF's budget, noting that the PFPF's practice of recording rent is unusual.*

*Brian Smith said that he will be out of town on July the 13<sup>th</sup>, and would not be available for the FIAC meeting, and requested it to be rescheduled.*

***A motion was made by Rob Kowkabany to move the July FIAC meeting to July 16, 2018 at 3:30PM, seconded by Rodney Van Pelt. The vote was unanimous.***

**V. INVESTMENT CONSULTANT REPORTS - Handouts**  
Dan Holmes

1. Investment Policy Statement Draft

*Dan Holmes called into the meeting at 4:00PM.*

*Dan Holmes said that he is sick and apologized for not having the Investment Policy Statement Draft ready for this meeting.*

2. Recommendation for Investment of City's Advance of Pension Payments

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*Dan Holmes said that the market value at the end of November as shown on the report is preliminary – some manager information has not been received and is shown as a 0% placeholder return. He said that this will be updated once the information is received.*

*Dan Holmes congratulated the FIAC and said that the Fund has hit the \$1.9 billion mark for the first time in its history.*

*Dan Holmes described the different options for investing the City's \$113 million contribution to the Fund as shown in the report. He noted that some cash should be kept on hand as an administrative resource. He said that the rest could be deployed on a pro rata basis. He asked for the FIAC's input.*

*Tracey Devine said that she is not a fan of the pro rata idea, and would like to hold the \$113 million in cash. She said that there is an overweight to momentum and that she wants balance.*

*Brian Smith said that his thoughts are opposite of Tracey Devine's. He said that he likes Dan Holmes' second option – to distribute the money to available managers on a pro rata basis and leave the remainder in cash. He said he would like it to be invested before year end.*

*Craig Lewis said that as long term investors, the FIAC should deploy the money according to the asset allocation, while keeping some cash as a buffer. He said that the opportunity cost of leaving a large amount of cash on the table is too great.*

*Rob Kowkabany and Rodney Van Pelt said that they like the second option as well.*

*Tracey Devine said that she is not comfortable allocating the money to the rich parts of the market. She said that she wants a nuanced approach, not pro rata.*

*Tracey Devine said she is unsure on the asset allocation development process, and would feel better if that was completed first.*

*Brian Smith said that he doesn't want to sit on the sidelines until the process is completed.*

*Craig Lewis said that more diversification is needed in the future.*

*Brian Smith asked Dan Holmes why there were two International Small Cap meetings scheduled on the FIAC Work Plan.*

*Dan Holmes said that one of the two meetings was to recommend managers, and the second was for manager interviews.*

*Dan Holmes said that the International Small Cap discussion could start in February, and then combine the Holistic Review of Managers with the Asset Liability Study all at once.*

*Brian Smith said that would be a lot to cover in one meeting.*

*Dan Holmes said that he would like to move the Asset – Liability Study to March, then go into the International Small Cap discussion.*

*Dan Holmes then suggested International Small Cap for February, Asset – Liability Study in March, Holistic Review of Managers in April, and International Small Cap interviews in May.*

*Dan Holmes then discussed the developmental process of the Asset – Liability Study.*

*Brian Smith directed Timothy Johnson to draft a new FIAC Work Plan as he sees most administratively appropriate.*

***A motion was made by Craig Lewis to approve Dan Holmes' second option for deploying the City's \$113 million payment to the PFPF on a pro rata basis, seconded by Rodney Van Pelt. The vote was unanimous.***

3. Flash Report – November 30, 2017

*Dan Holmes said that on a preliminary basis, the Fund is up at least 1% for the month. He said on a calendar year basis, the Fund is up 16% gross, 15.7% net.*

4. Economic & Capital Market Update – November 30, 2017

*Dan Holmes said that strong economic data was released in November. GDP was revised up for the second time, and manufacturing is growing.*

*Rodney Van Pelt said that a '0%' notation was used for managers who haven't reported their monthly data. He said that Pinnacle's reported number was negative, and asked if this was correct. Dan Holmes said that the negative return for Pinnacle was correct.*

## **VI. OLD BUSINESS**

1. WEDGE Update  
Dan Holmes

*Dan Holmes said he will write a memo and send it out regarding his meeting with WEDGE. He said that WEDGE is sticking with their style, and were ahead until growth took a lead. He said that their performance is understandable.*

2. City Payment to PFPF  
Timothy Johnson

*Timothy Johnson briefly described the City's payment to the Fund. He said that it is a net \$113 million this year, accounting for backing out payroll for a couple of months.*

3. FY2017 PFPF Budget to Actual (Yield on Property) – Handout  
Kevin Grant

*Kevin Grant said that he will deliver this in January as Timothy Johnson discussed previously.*

## **VII. NEW BUSINESS**

## **VIII. UPCOMING MEETINGS**

1. **Optional FIAC Workshop**  
*Principal Global Investors – US Property / Real Estate Outlook*  
**Tuesday, December 19<sup>th</sup>, 2017 at 10:45AM**
2. **FIAC Meeting**  
**Friday, January 12<sup>th</sup>, 2018 at 3:30PM**

*Dan Holmes left the meeting.*

*Tracey Devine said that she was confused on why there would be a delay in the Asset – Liability Study.*

*Timothy Johnson said that Dan Holmes needs the liability data from Pete Strong.*

*Rodney Van Pelt said that when liability numbers are understood, all Dan Holmes needs to do is to drop them into the Asset – Liability Study. He said that he is unsure why there is so much work to do on this.*

*Brian Smith told Timothy Johnson to bring these concerns to Dan Holmes.*

*Tracey Devine said that the Asset – Liability Study may not legitimately be doable by the February FIAC meeting. She said that she doesn't know enough to understand the process.*

*Rodney Van Pelt said that he doesn't understand the timing cash flow of the City's \$113 million payment to the Fund.*

*Timothy Johnson discussed the City's timing of calculating their payment to the Fund. He said that the City calculates what they pay one year, then pay it two years later. He said that this year's payment was calculated as part of the 10-1-2015 report.*

*Kevin Grant said that the City follows this process because of cash flow timing of property tax receipts.*

*Timothy Johnson said that the City's philosophy is to pay the least amount of money – as late as they possibly can.*

## **IX. ADJOURNMENT**

***Chairman Brian Smith adjourned the meeting at 5:09PM.***

### **NOTES:**

Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Assistant Plan Administrator at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

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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Meeting recorded by Steve Lundy, Assistant Plan Administrator

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FIAC Secretary

To be approved at the FIAC Meeting on January 12<sup>th</sup>, 2018.