

City of Gainesville

City Hall
200 East University Avenue
Gainesville, Florida 32601



Minutes - Draft

March 23, 2022

9:00 AM

Room 016, City Hall, 200 East University Avenue

Board of Trustees of the Consolidated Police & Fire

Retirement Plan

Eugene Dugan (Chairperson)

Steve Varvel (Trustee)

Walter Barry (Trustee)

Harvey Lewis (Trustee)

Leah Hayes (Trustee)

If you have a disability and need an accommodation in order to participate in this meeting, please contact the Office of Equity and Inclusion at (352) 334-5051 at least two business days in advance. TTY (Text Telephone Telecommunication Device) users please call 711 (Florida Relay Service). For Speech to Speech (STS) relay, please call 1-877-955-5334. For STS Spanish to Spanish relay, please call 1-877-955-8773. For STS Spanish to English relay, please call 1-844-463-9710.

MEETING DETAILS

CALL TO ORDER

The meeting was called to order at 8:59 a.m.

ROLL CALL

MEMBERS PRESENT: Eugene Dugan, Leah Hayes, Harvey Lewis,
Steve Varvel

ABSENT: Walter Barry

STAFF PRESENT: William Johnston, Investment Officer; Gregory
Williams, Senior Analyst; Mark Benton, Rates and Investment Director,
GRU

OTHERS PRESENT: Anna Parish, Klausner, Kaufman, Jensen &
Levinson; Cole Jacobs, Willis Towers Watson; Zachary Paris, Willis
Towers Watson; Meighan Phillips, Principal; Gregory Pittenger,
Principal; Brecka Anderson, Assistant City Auditor

ADOPTION OF THE AGENDA

Adopted

APPROVAL OF MINUTES

[210969.](#) Regular Meeting Minutes of February 23, 2022 (B)

RECOMMENDATION

*The Board of Trustees review the regular meeting minutes of
February 23, 2022 and take any action deemed appropriate.*

Approved as Recommended

BOARD ATTORNEY UPDATE

Anna Parish of Board Attorneys Klausner, Kaufman, Jensen & Levinson,
gave an update on pension related legislation, the status of investment
manager agreements with Nuveen and Harrison Street, and opinions on
Russian and Belarusan investments.

The Nuveen and Harrison Street agreements were sent back to the
investment managers with edits, and the Board attorney is awaiting their
response. Mrs. Parish discussed a new cyber security bill, and noted
that since the Board relies on City Staff using City of Gainesville servers,

the Board is not effected.

Concerning the Gainesville City Commission's Resolution No. 211008, Mrs. Parish reiterated that as a statutory Board, the Police & Fire Pension Board is not required to accept or take action recommended by Resolutions adopted by the City Commission. The Board was free to make investment decisions independent of the City Commission they see fit. Mrs. Parish also agreed with Staff and the Plan's investment consultant that if the Board did chose to divest of Russian & Belarusian investments, no formal changes to the Plan's Investment Policy Statement were necessary, unless the Board wants to make them.

PRESENTATION

[210971.](#)

Presentation by Principal (B)

Principal Real Estate relationship manager Greg Pittenger and managing director of portfolio management Meighan Phillips reviewed the Plan's investments in the Principal Core U.S. Property Fund. Ms. Phillips gave the Board an overview of the Fund's holdings. Principal's management team was reviewed. Various Fund statistics were reviewed, and Principal's outlook on real estate markets was discussed. The Fund's geographic regional and industrial, multi-family, office and retail sector positions & performance were reviewed.

RECOMMENDATION

The Board of Trustees hear a presentation by Principal covering the Plan's investment in their US Property real estate fund, and take any action deemed appropriate.

Discussed

[210972.](#)

Presentation by Willis Towers Watson (B)

Cole Jacobs of Willis Towers Watson reviewed capital markets, and noted that equity markets had declined, and inflation had remained elevated, while GDP had grown and Treasury rates increased. Trustee Dugan asked about the recent performance of growth equities versus value equities, and Mr. Jacobs noted that value had outperformed growth, particularly in the technology sector, which had declined as interest rates continued to rise. Value equities such as the Energy sector saw improvement. The Plan investment managers' fiscal YTD and longer term performance was reviewed. Mr. Jacobs discussed individual manager performance, noting that updated real estate returns weren't available yet. WTW expected Nuveen and Harrison Street investment agreements to be finalized in the coming weeks, and those managers

should be funded later in 2022 & 2023.

The Board discussed the Plan's Delegated Investment Program agreement and costs. A recent analysis prepared by staff and WTW determined that the higher consulting costs for the Delegated Investment Program were saving the Plan approximately twenty three thousand dollars per year net in management fees. However, if the Plan had a higher equity/lower income segment allocation (90% equity-10% fixed/real estate), the Delegated Program would cost the fund between thirty and sixty thousand dollars per year more, depending on specific portfolio allocations. The lower management fees that the Plan was receiving in the Delegated Investment Platform were from the international and real estate managers, and equaled approximately 0.88%, per year. The original decision to change to the Delegated Investment Program was based on a WTW analysis that estimated Plan cost savings of hundreds of thousands of dollars per year, by assuming investment in high cost alternative investments such as hedge funds & private equity. Because the Plan hadn't invested in hedge funds & private equity, the cost savings initially projected by WTW hadn't occurred. Willis Towers Watson indicated that they would update their original Delegated Investment Program education & analysis materials to present at a future Board meeting, likely in June.

RECOMMENDATION

The Board of Trustees hear a presentation by Willis Towers Watson investment consultants Cole Jacobs and Zachary Paris covering market updates, Plan investment performance and strategic Plan asset allocations, and take any action deemed appropriate.

Discussed

OLD BUSINESS

NEW BUSINESS

[211033.](#)

City Commission Resolution Calling for Divestment of Holdings in Russian and Belarusian Securities (B)

The Board reviewed City Commission Resolution No. 211008 that approved by the City Commission on March 17, 2022. The Resolution requested that the Board consider divesting from Russian and Belarusian securities, and consider changing the Plan's Investment Policy Statement to prohibit investment in Russian and Belarusian securities. Staff and Willis Towers Watson noted that the Plan held only one Russian equity position with international equity manager Mawer. The position was very small and was purchased prior to Russia's

invasion of Ukraine. Mawer had revalued the position at \$0.00, and the equity could not be sold because Russian markets weren't open. Mawer stated they would exit the position when it was feasible. The Board attorney stated that most prudent professional investment managers would exit Russian and Belarusian holdings during the armed conflict to reduce risk, without being directed to do so. As an independent statutory body, the Board was not required to abide by the City Commission Resolution, and could choose to not modify its investment policy.

The Board discussed the resolution and determined that, while they agreed with the spirit of the resolution, the best course of action would be to take no action. The Board was comfortable allowing the Plans investment managers to divest and reinvest in Russian and Belarusian securities at their discretion and in accordance with any restrictions and sanctions levied against Russia and Belarus, and to not change the Plan's Investment Policy Statement.

Trustee Lewis made motion for the Board to take no action in response to Resolution No. 211008, which was seconded by Trustee Hayes. The motion passed unanimously.

RECOMMENDATION

The Board of Trustees 1) discuss the City Commission's request that the Board divest of any current holdings in Russian or Belarusian securities as soon as possible; 2) discuss the City Commission's request that the Board consider a new investment policy opposed to future investment of City funds in Russian or Belarusian securities, and take any action deemed appropriate.

Discussed

INFORMATIONAL ITEMS

Staff Update

Staff gave an update on the status of the Consolidated Police Officers' and Firefighters' Retirement Plan Fiscal Year 2021 Annual Report. Staff could not submit the 2021 Annual Report by March 15th because the FY21 Pension Plan Financials weren't yet available from the City's Accounting Division. FY21 Financial Statements weren't expected to be available until late April or mid-May. The Plan's statistical data was complete, so the submission of the Annual Report could occur shortly after the FY21 Financial Statements were received. The longer the delay in submitting the Annual Report, the longer it would take for the City to receive FY21 Share Plan Distributions from the State.

To facilitate the submission of the Annual report, the Board voted

unanimously to allow Staff to submit the 2021 Annual Report to the State Division of Retirement as soon as FY21 Financials were received and the Report was finalized, if the Board attorney agreed that was acceptable. The Board would then review and approve the Annual Report at their next subsequent meeting.

PUBLIC COMMENT

MEMBER COMMENT

NEXT MEETING DATE

ADJOURNMENT

The Board meeting was adjourned at 10:24 a.m.

[990562](#)

REQUIREMENT

IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT OF 1990, PERSON NEEDING A SPECIAL ACCOMMODATION TO PARTICIPATE IN THIS PROCEEDING ARE REQUESTED TO NOTIFY THE EQUAL OPPORTUNITY DEPARTMENT AT 334-5051 OR CALL THE TDD PHONE LINE AT 334-2069 AT LEAST 48 HOURS IN ADVANCE.

IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD WITH RESPECT TO ANY MATTER CONSIDERED AT THIS MEETING OR HEARING, THEY WILL NEED A RECORD OF THE PROCEEDING, AND FOR SUCH PURPOSE, THEY MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDING IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED. FLORIDA STATUTES 286.0105

THIS MEETING MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATIONS MEDIA TECHNOLOGY, SPECIFICALLY A TELEPHONE CONFERENCE CALL. THE ABOVE LOCATION, WHICH IS ORDINARILY OPEN TO THE PUBLIC SHALL SERVE AS AN ACCESS POINT, PERSON WISHING TO ATTEND SHOULD APPEAR AT THE ACCESS POINT, WHERE TELEPHONE ACCESS TO THE MEETING WILL BE PROVIDED.