

City of Gainesville

*City Hall
200 East University Avenue
Gainesville, Florida 32601*



Minutes - Draft

September 23, 2021

9:00 AM

Room 016, City Hall, 200 East University Avenue

Pension Review Committee

Jonathan Visscher (Chairperson)

Harvey Lewis (Member)

David Rader (Member)

Matthew Barker (Member)

Patrick Keogh (Member)

If you have a disability and need an accommodation in order to participate in this meeting, please contact the Office of Equal Opportunity 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 relay, please call 1-877-955-8773. For STS French Creole relay, please call 1-877-955-8707.

MEETING DETAILS**CALL TO ORDER**

The meeting was called to order at 8:56 a.m.

ROLL CALL

MEMBERS PRESENT: Jon Visscher, Harvey Lewis, David Rader, Matthew Barker, Patrick Keogh

STAFF PRESENT: William Johnston, Investment Officer; Cintya Ramos, Finance Director; Gregory Williams, Senior Analyst

OTHERS PRESENT: Brendan Vavrica, AndCo. Consulting; Farias Parakh, Silchester International; Jenni Bourque, Silchester International; Andrew Murray, Baillie Gifford; Kevin Fenelon, Baillie Gifford; Don Sheppard, citizen

ADOPTION OF THE AGENDA

Adopted

APPROVAL OF MINUTES**[210412.](#) Regular Meeting Minutes of August 26, 2021 (B)**

Attachments: [20210826 PRC Minutes](#)

RECOMMENDATION *The Pension Review Committee review the Regular Meeting Minutes of August 26, 2021, and take any action deemed appropriate.*

Approved as Recommended

PRESENTATIONS**[210414.](#) Presentation by Silchester (B)**

Attachments: [210414_Silchester Presentation_20210923](#)

Silchester International Investors client services team of Farias Parakh and Jenni Bourque gave a presentation on Silchester's organizational changes, assets under management, capital inflows and outflows and the Plans portfolio. Ms. Bourque explained how Silchester looks for companies that aren't distressed, but do trade at low multiples (price to

book, price to earnings, etc.) and provide potential for increased earnings, asset growth, and dividend growth as well as the process Silchester uses to select securities in which to invest. Trustee Keogh inquired to how Silchester processes companies through the investment decision with respect to political risk. Miss Parakh explained that as part of Silchesters normalization of prices, an annual process for each holding, they adjust what they believe the companies free cash flow will be for different types of risk including political, which impacts investment decisions.

RECOMMENDATION

The Pension Review Committee hear a presentation by Silchester regarding the international equity portfolio managed on behalf of the Plan and take any action deemed appropriate.

Discussed

[210413.](#)**Presentation by Baillie Gifford (B)**

Attachments: [210413 Baillie Gifford Presentation 20210923](#)

Baillie Gifford hasn't had any organizational changes, however, a retirement will reduce the Plan's management team from seven to six. Andrew Murray and Kevin Fenelon presented an update of the Plan's portfolio and impacts to the portfolio from market events and investment decisions. Liquidations, new purchases, additions and reductions of holdings were discussed. Over twenty percent of the portfolio has been held for more than ten years, noting how Baillie Gifford has a long term view and a bottom up approach. Baillie Gifford's Stewardship Principles are part of what goes into investment decisions for the Plans portfolio and, while not explicitly an "ESG" strategy, it does make Baillie Gifford and active investor helping companies focus on principles of sustainability, value creation, board management, remuneration and fair treatment of shareholders. In speaking on the regulatory challenges, in China especially, Baillie Gifford does not believe that these types of challenges are particularly new, but have heated up recently. On an individual stock level, risks of regulatory constraints on growth in companies is evaluated and impact investment decisions to buy, sell or hold.

RECOMMENDATION

The Pension Review Committee hear a presentation by Stuart Riddell of Baillie Gifford and take any action deemed appropriate.

Discussed

[210415.](#)**Presentation by AndCo (B)**

Attachments: [210415 AndCo Monthly Flash 20210831_20120923](#)

Brendon Vavrica of AndCo. Consulting discussed recent Chinese market volatility, and the drawdown's in those markets. He noted that

managers like Baillie Gifford see it as a short term issue, and buying opportunity. Mr. Vavrica gave an update on market conditions and discussed individual investment manager performance against benchmarks. Mr. Vavrica also reviewed an S&P 500 index drawdown chart that compared the length of market pullbacks to recoveries, noting that recoveries tended to be "V" shaped, and happened relatively quickly; over the long term, values have risen substantially.

RECOMMENDATION

The Pension Review Committee hear a presentation by AndCo investment consultant Brendon Vavrica covering market conditions, and Plan investment performance and asset allocations, and take any action deemed appropriate.

Discussed

OLD BUSINESS**NEW BUSINESS****INFORMATIONAL ITEMS****[210304.](#)****2020 Pension Obligation Bond General Employees Pension Plan Proceeds ROI Analysis (B)**

Attachments: [210304 2020 POB General Pension Plan Proceeds ROI Analysis 20210923](#)

Staff gave an update on the Pension Obligation Bond proceeds, highlighting a small change in calculation method and newly available August returns. Staff planned to update the calculations quarterly, and would review bond proceeds returns regularly with the Committee, though not at every meeting.

RECOMMENDATION

The Pension Review Committee receive an updated return on investment analysis for the General Employee Pension Plan's 2020 Pension Obligation Bond Proceeds, and take any action deemed appropriate.

Discussed

[210427.](#)**Virtual Participation in Board/Committee Meetings - Affidavit of Extraordinary Circumstances (B)**

Attachments: [210427 Affidavit of Extraordinary Circumstances 20210923](#)

Staff presented to the Committee a new affidavit drafted by the City for all Boards and Committees. The affidavit requires attestation of extraordinary circumstances for virtual participation by Committee members; to be counted present and have voting ability, the Committee member will need to have the form signed and notarized prior to the meeting.

Member Visscher noted that the extraordinary circumstances requirement could dissuade potential highly qualified candidates from joining the committee due to restrictions on regular virtual participation.

RECOMMENDATION

The Pension Review Committee receive the City's new Affidavit of Extraordinary Circumstances, which is now required for virtual participation in City Board or Committee meetings. For a City Board or Committee to conduct business (i.e., take votes or other actions), an in-person quorum of members must be present for the board/committee to meet. Otherwise, a workshop for discussion only may be held. If an in-person quorum is present, a board member may participate virtually by completing the City's Affidavit of Extraordinary Circumstances. If a board member wishes to participate virtually in a meeting, with the ability to vote, the form must be notarized and submitted to the board prior to the meeting. Questions may be directed to the City Clerk's Office or the City Attorney's Office.

Discussed

PUBLIC COMMENT

Mr. Don Sheppard spoke and thanked the Pension Review Committee and Staff for their service, hard work and the success of the Plan.

MEMBER COMMENT**NEXT MEETING DATE****ADJOURNMENT**

The meeting was adjourned at 10:40 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.