

City of Gainesville

City Hall
200 East University Avenue
Gainesville, Florida 32601



Minutes - Draft

August 25, 2021

9:00 AM

City Hall, Room 016, 200 East University Avenue

Board of Trustees/Police & Fire Retirement Plan

Eugene Dugan (Chairperson)

Bruce Giles (Trustee)

Steve Varvel (Trustee)

Walter Barry (Trustee)

Harvey Lewis (Trustee)

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 9:01 a.m.

ROLL CALL

MEMBERS PRESENT: Eugene Dugan, Bruce Giles, Harvey Lewis, Walter Barry (attendance approved through Zoom), Steve Varvel

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

OTHERS PRESENT: Bob Klausner, Board Attorney; Cole Jacobs, Willis Towers Watson; Zach Paris, Willis Towers Watson; Steve Skatrud, Sustainable Growth Advisors

ADOPTION OF THE AGENDA

Adopted

APPROVAL OF MINUTES

[210251.](#) Regular Meeting Minutes of July 21, 2021 (B)

RECOMMENDATION

The Board of Trustees review the regular meeting minutes of July 21, 2021 and take any action deemed appropriate.

Approved as Recommended

BOARD ATTORNEY UPDATE

Bob Klausner, the Board's Attorney, gave an update pertaining to the hiring of new alternative credit investment managers, and recommended that if they do not agree with the language changes to the investment agreements, then the Board consider not investing with the managers. Mr. Klausner indicated that he would give an update on the outcomes of the latest negotiations with the managers at the next Board meeting. Trustee Varvel asked to see details of the investment agreement language in questions so the Board could better understand the issues and potential impacts. Mr. Klausner indicated that he would prepare an summary for distribution.

PRESENTATION

[210253.](#)

Presentation by Sustainable Growth Advisors (B)

Mr Skatrud discussed the investment performance of SGA's large cap growth portfolio, and reviewed the SGA organization, philosophy and investment decision making process. While growth potential was the main factor in SGA's investment decisions, an understanding of underlying company value was also considered, along with the quality of the investment. SGA credited this three phase approach with lowering their portfolio's risk profile relative to other large cap growth portfolios. The largest fund performance contributors and detractors were discussed, as well as reasons for additional investments in some of lower performing holdings, because company valuations were considered cheap and their long term outlook was positive.

RECOMMENDATION

The Consolidated Board of Trustees hear a presentation by Steve Skatrud of Sustainable Growth Advisors reviewing and discussing the domestic large cap growth equity portfolio managed on behalf of the plan and take any action deemed appropriate.

Discussed

[210254.](#)

Presentation by Willis Towers Watson (B)

Cole Jacobs of Willis Towers Watson reviewed the performance of the Plan's investments through 6/30/21. Mr. Jacobs also discussed recent inflation and Covid19 impacts on markets. Willis Towers Watson was of the opinion that inflation remained transitory, caused by supply chain limitations which should ease as economic constraints from the pandemic improve. Trustee Lewis asked Mr. Jacobs about the upcoming infrastructure bill proposal and the impacts it may have on holdings in the Plans portfolios. Mr. Jacobs believed increased government spending would increase inflationary pressure, WTW believed that the impact of the spending, if structured as expected, would be spread out over longer time periods, and have less immediate impact than capital injected into the economy all at once.

Mr. Johnston discussed the idea of reducing the Plan's allocation to alternative credit, and increasing the Plan's equity allocations. Mr. Johnston was concerned that the alternative credit managers' lower returns would reduce the Plan's long term total return, and that the alternative credit managers were not actually providing the volatility reductions suggested by the investment consultant. Mr. Johnston also pointed out that equities had recovered well from previous market corrections, such as the 2020 COVID correction, the 2007-2009 financial

crisis, and the 2000 tech bubble, while alternative credit investments did not recover as well. Additionally, short term equity volatility in the Plan was not much of a concern given the City's internal cash balance flexibility. Also, since the Plan was fully funded, the actuarial impact of market volatility was much lower than if the Plan was less well funded. Mr. Johnston also thought that several of the Plan's alternative credit managers charged excessive fees, required excessive investment lockups, and lacked reasonable liquidity, transparency and reporting. Mr. Johnston thought it was important not to sacrifice higher long term returns by making overly defensive portfolio allocations in an attempt to reduce irrelevant short term volatility. Mr. Johnston indicated that he would ask Willis Towers Watson to provide some longer term asset return comparisons for continued Board discussions.

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

[210309.](#)

2021 Gainesville Consolidated Police Officers' and Firefighters' Pension Plan Board of Trustees Presentation to the City Commission (B)

The Board reviewed a Presentation prepared by Staff, to be given to the City Commission. The City Manager had requested that the Board provide the City Commission with an overview of the Board, and its activities. Board Attorney Bob Klausner confirmed that many of his other clients made similar presentations, and also provided presentation examples from other Florida cities. The Board approved the Presentation, but requested that Staff update the Presentation to include median annual salaries for Plan members if available. Staff indicated that they would update the Presentation if the data was available in the 2020 Actuarial Valuation, and that they would work with the City Clerk's Office to schedule the Presentation at a September meeting of the City Commission.

RECOMMENDATION

The Board review a draft presentation covering the Plan's FY20 statistical information and FY21 Year to Date investment performance, intended to be presented to the Gainesville City Commission by a Board Member, and take any action deemed appropriate.

Approved as Recommended

NEW BUSINESS

[210310.](#) **Election of a Vice-Chairperson for the Gainesville Consolidated Police Officers' and Firefighters' Pension Plan Board of Trustees**

The Board discussed the election of a Vice-Chairperson, and unanimously elected Trustee Giles to serve as Vice-Chairperson. The motion by Trustee Varvel was seconded by Trustee Barry.

RECOMMENDATION *The Board discuss electing a Vice Chairperson, and take any action deemed appropriate.*

Approved as Recommended

INFORMATIONAL ITEMS

[210307.](#) **2020 Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan Annual Report Approval (B)**

Staff informed the Board that the State of Florida Division of Retirement had approved the Plan's 2020 Annual Report, and the City had received the Plan's 2020 175 & 185 Premium Tax Distributions. The Police & Fire Share Plan allocations from the 2020 175 & 185 Premium Tax Distributions were also discussed.

RECOMMENDATION *The Board of Trustees receive notification of Florida Division of Retirement approval of the 2020 Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan Annual Report, and take any action deemed appropriate.*

PUBLIC COMMENT

MEMBER COMMENT

NEXT MEETING DATE

ADJOURNMENT

The meeting was adjourned at 10:54 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.