

City of Gainesville

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



Minutes - Final

September 22, 2021

9:00 AM

Room 016, City Hall, 200 East University Avenue

Board of Trustees of the Consolidated 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 9:04 a.m.

ROLL CALL

MEMBERS PRESENT: Eugene Dugan, Bruce Giles, Harvey Lewis, Walter Barry, 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; Jenny Morton, 1Sharpe Capital; Rob Bloemker, 1Sharpe Capital

ADOPTION OF THE AGENDA

Adopted

APPROVAL OF MINUTES

[210409.](#) Regular Meeting Minutes of August 25, 2021 (B)

Attachments: [210409 Draft BOT Police and Fire Pension Plan Minutes 20210825 202109.](#)

RECOMMENDATION *The Board of Trustees review the regular meeting minutes of August 25, 2021, and take any action deemed appropriate.*

Approved as Recommended

BOARD ATTORNEY UPDATE

[210443.](#) Alternative Real Estate Investment Management Agreements (B)

Attachments: [210443 Comments on Investments 20210922](#)
[210443 Federal Death Benefit and COVID Memo Revised 20210922](#)
[210443 Federal, State and Local Death Benefits Memo 20210922](#)

Board Attorney Bob Klausner gave an update pertaining to the hiring of new alternative credit investment managers Pretium and GI Partners, and explained to the Board exactly what language and details are causing disagreement. If the LPA's were accepted, statutory protections would

be waived and, under the Standard of Care that Florida law requires of the Board, section 4 (prudent investor) is not covered in the agreements; also, the managers also would not agree to Choice of Law and Venue for Disputes under 518.112(5) and (6), which would cause loss of sovereign immunity under Florida law. As such, Mr. Klausner suggested the Board not invest with Pretium and GI Partners.

Mr. Klausner confirmed the Board does not need a formal action (vote) to turn down investment with the managers and request new investment choices. Willis Towers Watson will proceed with a new manager search and present to the Board additional managers.

Mr. Klausner reviewed federal, state, and local death benefits in relation to the treatment of COVID19 as a duty related death. New legislation may change that treatment as the current legislation is set to expire. Mr. Klausner went over death benefits outlined in the included memos (attached) with the Board.

RECOMMENDATION

The Board of Trustees hear discussion from the Board Attorney pertaining to issues with investment management agreement language for Willis Towers Watson recommended real estate managers Pretium Partners and GI Partners, and take any action deemed appropriate.

Discussed

PRESENTATION

[210411.](#)

Presentation by Willis Towers Watson (B)

Attachments:

[210411_WTW Executive Summary_20210922](#)

[210411_WTW Gainesville Police & Fire Pension Investment Manager Annual](#)

Willis Towers Watson consultant Cole Jacobs reviewed the capital markets, and the Plan's performance through July. Domestic and developed non-US equity markets continued to produce strong returns, however emerging markets had seen a decline, mostly due to the regulatory crackdowns by the Chinese government. Economic data had not changed much recently - inflation was at 5.4%, GDP was at 6.5%, and with unemployment was at 5.4%. Trustee Barry inquired if the fund would stay in emerging markets due given the volatility. Mr. Jacobs pointed out that the Plan didn't have much emerging markets exposure.

The Plan portfolio continued to perform well with a fiscal year-to-date return of 24.7%. Growth equities had started outperforming value equities again. Individual equity manager performance had been mixed over the last three months, but fiscal year performance remained strong relative to

benchmarks. The alternative credit and real estate segments of the portfolio were performing as expected with 8.9% and 7.5% returns fiscal year-to-date.

The Board also reviewed Annual Calendar Year Returns by manager which had been prepared by WTW at staff's request. The intent was to allow the Board to more easily compare income segment manager returns with equity manager returns.

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

[210410.](#)

Presentation by 1Sharpe Capital (B)

Attachments: [210410 1Sharpe Opportunity Fund Presentation 20210922](#)

Rob Bloemker of 1Sharpe Capital gave an update on the portfolio and investment style of 1Sharpe Capital. The manager makes short term (1 year), higher rate (6-7.5%) construction loans for professional residential home rehab and selling (flipping). Mr. Bloemker gave a description of 1Sharpe's high touch servicing model, the diligence used in qualifying borrowers and experience in the real estate market. Home price appreciation, potential market growth, and the general direction of the real estate market were also discussed.

RECOMMENDATION

The Board of Trustees hear a presentation by alternative credit manager 1Sharpe Capital reviewing the Plan's 1Sharpe Opportunity Fund, and take any action deemed appropriate.

Discussed

OLD BUSINESS

NEW BUSINESS

[210442.](#)

FY22 Gainesville Police Officers' and Firefighters' Retirement Plan Budget (B)

Attachments: [210442 FY22 Police & Fire Pension Administrative Budget 20210922](#)

Staff presented the fiscal year 2022 budget to the Board for approval. Member Lewis inquired to the large amount budgeted to consulting,

noting it is much higher than he expected. Staff provided background on the amount paid to Willis Towers Watson for consulting noting that it was more than double typical consultants fees due the Plan's delegated investment arrangement with Willis Towers Watson. The delegated investment agreement allows the Plan to access additional investment managers in the alternative credit and real estate portfolio segments. The Board discussed the possibilities of furthering discussion on changing the agreement with Willis Towers Watson, the risk and returns achieved by participating in Willis Towers Watson's current agreement, and if the returns and access are worth the additional cost.

RECOMMENDATION *The Board of Trustees review and approve the Gainesville Police Officers' and Firefighters' Retirement Plan Fiscal Year 2022 Budget.*

Approved as Recommended

INFORMATIONAL ITEMS

[210422.](#) **2020 Pension Obligation Bond Police & Fire Pension Plan Proceeds ROI Analysis (B)**

Attachments: [210422_2020 Police & Fire Pension Plan POB Proceeds ROI Analysis_2021](#)

Staff gave an update on the Pension Obligation Bond proceeds, highlighting a small change in calculation method and newly available August returns. Staff plans to update the calculation quarterly and will keep the Board apprised of impacts or changes, but will not present updates at every Board meeting, which the Board was in agreement.

RECOMMENDATION *The Board of Trustees receive a return on investment analysis for the Police and Fire Pension Plan's 2020 Pension Obligation Bond Proceeds, and take any action deemed appropriate.*

Discussed

[210426.](#) **Virtual Participation in Board/Committee Meetings - Affidavit of Extraordinary Circumstances (B)**

Attachments: [210426_Affidavit of Extraordinary Circumstances_20210922](#)

Mr. Klausner confirmed to the Board that they will not be subject to the City of Gainesville Virtual Participation affidavit and are subject to State law. Mr. Klausner also stated that he would draft some Board attendance requirements and virtual participation policy language for review the November Board meeting.

RECOMMENDATION *The Board of Trustees 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. While the Gainesville Police Officers' and Firefighters' Retirement Plan Board of Trustees is a Florida Statutory Board, and is not subject to City Board policies, the Board may want to consider a similar virtual participation policy.

Discussed

PUBLIC COMMENT

MEMBER COMMENT

NEXT MEETING DATE

ADJOURNMENT

The meeting was adjourned at 11:17 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.

