

**CITY OF DADE CITY
POLICE OFFICERS' PENSION FUND &
FIREFIGHTERS' RELIEF & PENSION FUND
BOARD OF TRUSTEES
QUARTERLY MEETING MINUTES
City Hall, Council Chambers
38020 Meridian Ave, Dade City, FL 33525**

Thursday, March 10, 2022, at 9:30AM

TRUSTEES PRESENT:

James Parker, Fire Trustee
Joseph Wubbena, Fire Trustee
John Evenhouse, Fire Trustee
Bob Cabot, Fire Trustee
Robert Tungate, Police Trustee
Kelly Curtis-Stout, Police Trustee
William Rowe, Police Trustee
Richard Griner, Police Trustee

TRUSTEES ABSENT:

None

OTHERS PRESENT:

Brad Hess, AndCo Consulting
Scott Christiansen, Christiansen & Dehner
Ferrell Jenne, Foster & Foster

1. **Call to Order** – The Meeting was called to order by Joseph Wubbena at 9:32AM.
2. **Public Comments** – None.
3. **Approval of Minutes**

The Fire Board approved the December 9, 2021 quarterly meeting minutes as presented, upon motion by Bob Cabot and second by Joseph Wubbena; motion carried 4-0.

The Police Board approved the December 9, 2021, quarterly meeting minutes as presented, upon motion by Richard Griner and second by William Rowe; motion carried 4-0.

4. **New Business**

- a. Actual expenses as of September 30, 2021
 - i. Ferrell Jenne reviewed the budget requirement and each expenditure type.

The Police Board approved the actual expenses as of September 30, 2021, upon motion by Richard Griner and second by Robert Tungate; motion carried 4-0.

The Fire Board approved the actual expenses as of September 30, 2021, upon motion by John Evenhouse and second by Bob Cabot; motion carried 4-0.

- b. Update on trustee terms
 - i. Ferrell Jenne stated William Rowe ran unopposed and would serve another term as one of the member appointed trustees on the police board. Ferrell stated John

Evenhouse was also reappointed by Commission as one of the City appointed trustees on the fire board.

- ii. Ferrell Jenne stated Rich Griner's term expired on February 28, 2022, but his reappointment was not able to be previously addressed, as the police board only had three trustees, including Rich. Ferrell commented since the police board had four trustees, the fifth trustee seat could be addressed. Rich confirmed he would like to serve another term.

The Police Board reappointed Richard Griner as the fifth trustee, upon motion by Robert Tungate and second by William Rowe; motion carried 3-0 with Richard Griner abstaining.

5. **Old Business** – None.

6. **Reports (Attorney/Consultants)**

a. AndCo Consulting, Brad Hess, Investment Consultant

i. Quarterly report as of December 31, 2021

1. Brad Hess stated they would be reviewing a mid-cap analysis and real estate analysis. Brad reviewed the S&P 500 total return index history of drawdowns greater than 5% from October 1, 2007 - February 28, 2022. Brad commented he wanted to remind the boards that volatility occurs in the market. Brad commented if an investor was out of the market for the best ten days during this time period, returns would go from 9.6% to 3.8% and if an investor was out of the market the best twenty days during this time period, returns would go down to 0%.
2. Brad Hess reviewed his role as the plan's investment manager. Brad gave an update on their firm and the firm resources.
3. Brad Hess gave a brief overview of the market environment during the quarter, stating the US economy faced headwinds from the Omicron variant. Brad commented bonds were flat to slightly negative and equity rose to all-time highs. Brad reviewed today's market environment due to the Russia/Ukraine war. Brad commented the US received less than 5.0% of oil from Russia, but there would be a significant impact overseas, as they had a greater dependency on Russia. Brad commented the Russia/Ukraine situation would also create global uncertainty.
4. The board discussed investing in long-term and short-term bonds. Brad Hess commented short-term bonds were a good compliment to some of the riskier investments in the portfolio.
5. The Market Value of Assets (MVA) as of December 31, 2021 was \$7,796,724 for the Fire plan and \$13,486,424 for the Police plan. Brad commented as of March 8, 2022, the MVA for the fire plan was approximately \$6.85M, which was a 12% decline from December 31, 2021 and the MVA for the police plan was approximately \$11.98M, which was a 11% decline from December 31, 2021.
6. Brad Hess reviewed the current asset allocations for each plan and confirmed both plans were within the IPS guidelines. Brad stated depending upon what the boards decided later in the meeting, he might do a slight rebalance to raise capital for new allocations.
7. For the Police plan, total fund earnings for the quarter were 3.92%. Total fund trailing returns for the 1-, 3-, 5- and 10-year periods were 11.84%, 13.48%, 9.51% and 8.55%, respectively. Since inception (March 1996), total fund earnings were 7.00%.

8. For the Fire plan, total fund earnings for the quarter were 4.29%. Total fund trailing returns for the 1-, 3-, 5- and 10-year periods were 12.36%, 14.44%, 10.19% and 8.76%, respectively. Since inception (March 1996), total fund earnings were 7.04%.
 9. Brad Hess reviewed the performance of each manager and commented they had put ClearBridge on watch, due to inadequate performance. Brad gave a recap of all manager changes that had occurred over the last two quarters.
 10. Brad Hess commented he would like to bring an International Value manager search to the next meeting and take funds from the EuroPacific Growth fund.
 11. Brad Hess reviewed the compliance checklist and investment management fees for each plan. Brad commented both plans were doing a great job on controlling costs.
- ii. Real estate manager analysis
1. Brad Hess reviewed the Core Real Estate Manager analysis. Brad commented the plans had access to institutional private real estate and not just real estate investment trusts. Brad commented they had identified four candidates for a possible allocation. Brad commented he would concentrate on American Realty and Principal. Brad commented Core Real Estate managers focus on four primary property types: industrial, multifamily, office, and retail. Brad stated there was some illiquidity in private real estate, as there were quarterly redemptions with queues.
 2. Brad Hess reviewed the strategy, firm overview, and key differentiators of American Realty and Principal. Brad confirmed American Realty and Principal would accept less than the shown \$1M minimum. Brad stated the allocation would not be put to work right away, as contracts must be reviewed and executed, and the plans would then go into the queue.
 3. Brad Hess reviewed the trailing income returns for each manager. Brad commented the current yield for all managers was well above what the plans were getting in their bond portfolio. Brad commented the expected return was 6-7%. Brad discussed the occupancy rate in office buildings. Brad commented he would follow up with the managers if they started experiencing a negative impact as there were caps being put on lease rates, especially in multi-family buildings.
 4. The boards discussed management fees and Brad Hess commented they were not able to leverage their relationship with the managers to lower fees, just to lower the investment minimums. The boards discussed the plan sizes and the allocations that would be made to Core Real Estate. Brad Hess confirmed there would only be a 10% allocation to Core Real Estate, thus 90% of assets could be redeemed within two days. Brad commented AndCo probably had close to 80% of their plans invested in private real estate and recommended both plans to make an allocation to private real estate.
 5. Brad Hess reviewed distribution options and commented the plans could automatically reinvest the distributions or receive a cash distribution. Brad commented the automatic reinvestment option could be turned on and off during the year, if needed.
 6. The board discussed the leverage of American Realty and Principal along with the trailing returns. Brad Hess recommended to go with Principal.
 7. Brad Hess commented the police plan would allocate funds to the real estate manager by taking 7.6% from the Baird Aggregate Bond fund, 1.6% from Lord Abbett, and 0.8% from EuroPacific Growth fund.

8. Brad Hess commented the fire plan would allocate funds to the real estate manager by taking 8.0% from the Baird Aggregate Bond fund,, 1.7% from Invesco, and 0.3% from the S&P 500.

The Police Board approved making a 10% allocation to Principal U.S. Property with the DRIP upon approval of documents from legal counsel, upon motion by Richard Griner and second by Robert Tungate; motion carried 4-0.

The Fire Board approved making a 10% allocation to Principal U.S. Property with the DRIP upon approval of documents from legal counsel, upon motion by Bob Cabot and second by James Parker; motion carried 4-0.

9. Brad Hess commented he was looking to replace T. Rowe Price. Brad reviewed the four candidates and confirmed all candidates would accept less than a \$1M investment. Brad recommended the plans to go with Champlain Investment Partners. Brad reviewed the firm, strategy, portfolio construction, and trailing returns info for Champlain. Brad commented Champlain is the top manager over the 10-year period, so the plans might be buying high. Brad reviewed the Champlain investment team and commented the CIO had done a fantastic job at hiring a strong investment team.
10. Brad Hess commented the Police plan would make the allocation by terminating T. Rowe Price at 2.1%, and taking 0.8% from Clearbridge Large Cap Growth, 0.8% from JP Morgan Equity Income, and 1.3% from Invesco.

The Police board approved making a 5.0% allocation to the Champlain Mid Cap fund by terminating T. Rowe Price at 2.1%, and taking 0.8% from the Clearbridge Large Cap Growth, 0.8% from the JP Morgan Equity Income, and 1.3% from Invesco, upon motion by Richard Griner and second by William Rowe; motion carried 4-0.

11. Brad Hess commented the Fire plan would make the allocation by terminating T. Rowe Price at 2.1%, and taking 1.0% from the Vanguard Growth fund, 1.5% from the JP Morgan Equity Income fund, and 0.4% from S&P 500.

The Fire Board approved making a 5.0% allocation to the Champlain Mid Cap fund by terminating T. Rowe Price at 2.1%, and taking 1.00% from the Vanguard Growth fund, 1.5% from the JP Morgan Equity Income fund, and 0.4% from S&P 500, upon motion by John Evenhouse and second by Joseph Wubbena; motion carried 4-0.

b. Christiansen & Dehner, Scott Christiansen, Board Attorney

i. Legislative update

1. Scott Christiansen commented the COVID presumption bill did not make it through the legislative session.
2. Scott Christiansen reminded Kelly Curtis to file her financial disclosure form, which would be sent by the administrator. Scott reminded the rest of the trustees to file their financial disclosure forms by July 1, 2022 to avoid fines.

7. **Consent Agenda**

a. Payment Ratification

i. Warrant #80 (POLICE BOARD)

1. Foster & Foster, invoice #22169, plan administration, \$900.00

2. AndCo, invoice #39843, investment consulting, \$4,000.00
3. Christiansen & Dehner, invoice #35061, legal services, \$916.30
4. Foster & Foster, invoice #22436, plan administration, \$1,035.00
5. FPPTA, invoice #6294, 2022 Pension Board Membership, \$750.00
- ii. Warrant #81 (POLICE BOARD)
 1. Christiansen & Dehner, invoice #35113, legal services, \$143.40
 2. Foster & Foster, invoice #22756, plan administration, \$900.00
- iii. Warrant #80 (FIRE BOARD)
 1. FPPTA, invoice #6293, 2022 Pension Board Membership, \$750.00
 2. Foster & Foster, invoice #22168, plan administration, \$840.00
 3. AndCo, invoice #39842, investment consulting, \$4,000.00
 4. Christiansen & Dehner, invoice #35060, legal services, \$916.30
 5. Foster & Foster, invoice #22435, plan administration, \$975.00
- iv. Warrant #81 (FIRE BOARD)
 1. Christiansen & Dehner, invoice #35112, legal services, \$143.40
 2. Foster & Foster, invoice #22755, plan administration, \$840.00
- b. New invoices for approval
 - i. None (POLICE BOARD)
 - ii. None (FIRE BOARD)
- c. Fund activity report for December 3, 2021, through March 3, 2022 (POLICE)
- d. Fund activity report for December 3, 2021, through March 3, 2022 (FIRE)

The Fire Board approved the consent agenda as presented, upon motion by Bob Cabot and second by James Parker; motion carried 4-0.

The Police Board approved the consent agenda as presented, upon motion by Richard Griner and second by William Rowe; motion carried 4-0.

8. Staff Reports, Discussion and Action

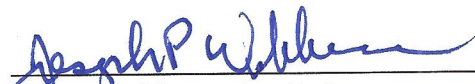
- a. Foster & Foster, Ferrell Jenne, Plan Administrator
 - i. Upcoming Educational Opportunities/Update on Annual Report
 1. Ferrell Jenne reviewed the upcoming FPPTA annual conference. Ferrell stated they were also working on the Annual Reports but were still waiting on the calendar year payroll information from the City. Ferrell stated they had followed up numerous times with the City and it was important they received that information soon, so both plans could gain approvals from the state by September 30, 2022.
 2. Ferrell Jenne reminded the fire board of an upcoming DROP exit, which would be approximately \$540,000. Brad Hess reminded the board they had a standing rebalance letter which would allow him to raise funds, according to the letter. Brad confirmed the previous motions would not need to be changed, as they were based on portfolio percentages and not dollar amounts.

9. Trustees' Reports, Discussion, and Action

- a. Robert Tungate stated some members had approached him about changing the AFC. Ferrell Jenne reminded the Board they did not have the authority to change benefits, only administer what has been negotiated. Scott Christiansen commented the Board could make a motion to allow the union to utilize the board actuary to run a cost analysis in conjunction with proposed benefit changes. Robert stated he would check with the union on how they wanted to proceed.

10. **Adjournment** – The meeting adjourned at 11:40AM.

11. **Next Meeting** – June 9, 2022, at 9:30AM, Quarterly Meeting



Joseph Wubbena, Fire Chairman

6/9/2022

Date



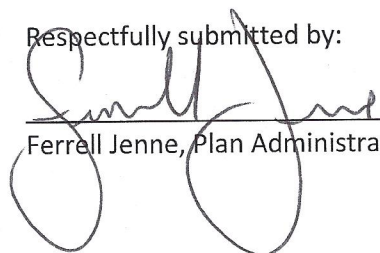
William Rowe, Police Chairman

6/9/2022

Date

Date Approved by the Pension Boards: JUNE 9, 2022

Respectfully submitted by:



Ferrell Jenne, Plan Administrator