

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

Tuesday, April 13, 2021, at 9:30AM

TRUSTEES PRESENT:

James Parker, Fire Trustee
John Evenhouse, Fire Trustee
Bob Cabot, Fire Trustee
William Rowe, Police Trustee
Richard Griner, Police Trustee
Robert Tungate, Police Trustee
Sherrie Case, Police Trustee

TRUSTEES ABSENT:

Dwight Carson, Fire Trustee
Joseph Wubbena, Fire Trustee

OTHERS PRESENT:

Amed Avila, Fiduciary Trust
David Lederer, Fiduciary Trust
Mark Rhein, Salem Trust Company
Debbie Kocsis, Salem Trust Company
Mitchel Brennan, Burgess Chambers & Associates
Frank Wan, Burgess Chambers & Associates
Steve Gordon, AndCo Consulting
Brad Hess, AndCo Consulting
Ferrell Jenne, Foster & Foster

SCOTT CHRISTIANSEN

1. **Call to Order** – William Rowe called the meeting to order at 9:31AM.
2. **Public Comments** – None.
3. **New Business**
 - a. Custodian interviews
 - i. Fiduciary Trust, Amed Avila/David Lederer
 1. Amed Avila introduced himself and stated he was a managing director and would be the relationship manager for the plans.
 2. David Lederer introduced himself and stated he was the head of investor services. David reviewed their philosophy and culture. David commented their primary focus was safekeeping assets. David reviewed how they safekeep assets and commented assets were separately held. The assets were not included in the firm's corporate capital and could not be borrowed or loaned by the firm nor were they subject to the firm's creditors.
 3. David Lederer stated they had a transparent fee schedule that was based on the market value of assets. David commented they did not charge transaction fees and had the flexibility to override cutoff dates to get pensioners their funds.
 4. David Lederer reviewed their sweep vehicle and their reporting capabilities. David commented they had been a subsidiary of Franklin Templeton since 2001 but operated completely independently.
 5. Amed Avila commented they were founded in 1931 and reviewed their business processes. Amed commented they had been able to work during the pandemic with no issues due to the planning and system testing that had gone on over the last few years.
 6. Amed Avila reviewed their commitment to personalized service and commented the typical team construction was one dedicated relationship officer with 2-3 relationship associates.

7. Amed Avila reviewed their relationship with Foster & Foster and commented they had a handful of plans in common with Foster & Foster. Amed commented they worked very well with Foster & Foster and partnered with them to ensure the plan and members were best served. Ferrell Jenne confirmed Fiduciary Trust had been a great resource.
 8. Amed Avila reviewed their accounting and reporting services. Amed commented they did a monthly death audit search and reported all findings to the plan administrator for further instructions. Amed reviewed their cutoff dates and commented they could set up a manual payment if pension set-up paperwork was received after the cutoff deadline to ensure the member was receiving their funds on the first of the month.
 9. Amed Avila reviewed the conversion and the transition team. Amed commented the conversion team would consist of the same professionals who would serve the relationship. Amed commented the transition period would be approximately 45 days and commented they would institute a stop trade date to ensure all assets were transferred over from the legacy accounts. Amed commented they would send a letter to the retirees introducing their firm and explaining they would receive two 1099s for 2021. Ferrell Jenne asked about paper checks. Amed commented they had the capability of continuing to issue paper checks to retirees, if they preferred.
 10. Amed Avila confirmed their fees were 5BPS with no minimum. Amed commented the fees were guaranteed for 5 years and there were no additional fees.
- ii. Salem Trust, Mark Rhein/Debbie Kocsis
1. Mark Rhein introduced himself and Debbie Kocsis. Mark commented they only provided custody services and they had been providing these services for over two decades. Mark stated TMI Holdings was a parent company and commented pension plans made up approximately 75% of their client base. Mark stated the average client relationship was approximately 12.5 years, due to their focus and service excellence.
 2. Mark Rhein reviewed the client team that would be assigned to the plans and commented they had more than 15 years of experience. Mark commented the plans would have direct access to Debbie Kocsis. Debbie reviewed a scenario where they were able to set up COLAs on time, even though the request was received after the pension change cut-off date. Debbie commented they would always partner with the plans to ensure the members were receiving the best service.
 3. Mark Rhein reviewed their service guarantee.
 4. Debbie Kocsis reviewed her experience and the promotions she had received during her tenure with Salem Trust.
 5. Mark Rhein commented they reduced their minimum fees for the plans. The proposed fee for the first 2 years was \$5,000 and then the fee would increase to \$6,000. Mark commented these fees were good for the current portfolio. If the plan added subaccounts, the annual custody fee would increase to \$7,000 beginning the quarter the subaccounts were being used. Mark reviewed other fees and charges regarding shareholder services and trade fees. The Board discussed the possibility of an investment consultant change which could trigger new investment managers being hired.
 6. Mark Rhein confirmed they would stand by their \$7,000 fee if they moved to subaccounts and would stay at the \$7,000 fee for 18 months until they got more experience with the plans. Mark commented the trade fees being charged to the plans was the cost charged to Salem Trust.
 7. Mark Rhein commented they only issued pension checks via ACH or debit card. Mark commented this was to ensure that members were always paid, even during natural disasters and pandemics.
 8. Mark Rhein stated they used a Goldman Sachs treasury sweep account.
 9. Debbie Kocsis discussed the transition process. Debbie commented their primary focus was to ensure that all retirees received the correct amount with the correct deductions. Debbie confirmed they would send out an introductory letter to the retirees and work closely with the City to ensure all retiree payment information was transferred over correctly.

Note: The Board took a recess from 10:55AM to 11:07AM.

10. The Board discussed the custodial interviews and the fee arrangements for each firm.

CHCISTANDEN
(PBJ)
The Police Board voted to hire Fiduciary Trust as the custodian and replace the City and authorize Scott Christensen to prepare a contract, upon motion by Richard Griner and second by Robert Tungate; motion carried 4-0.

CHCISTANDEN
(PBJ)
The Fire Board voted to hire Fiduciary Trust as the custodian and replace the City and authorize Scott Christensen to prepare a contract, upon motion by Bob Cabot and second by John Evenhouse; motion carried 3-0.

b. Investment Consultant interviews

i. Burgess Chambers & Associates, Mitchel Brennan/Frank Wan

1. Frank Wan introduced himself and commented they had been providing investment consulting services for over 30 years and currently serviced 60 Florida public pension plans.
2. Frank Wan reviewed their consulting process and phases of their action plan. Frank reviewed recent case studies and the opportunity to re-risk and rebalance client portfolios. Frank commented he had been with the firm for 16 years and previously worked at a hedge fund.
3. Mitchel Brennan commented he had been with BCA for 8 years and had a financial background prior to joining BCA.
4. Mitchel Brennan reviewed the current portfolios and investment policy statements. Mitchel reviewed their remarks and recommendations after looking at the 12/31/20 Wells Fargo Advisors quarterly report.
5. Mitchel Brennan reviewed a sample quarterly report. Mitchel commented they always included a market overview, peer group ranking, investment policy review, asset allocation, and investment performance.
6. Frank Wan reviewed additional asset classes they would recommend to the plans. These asset classes included private real estate and convertibles. Mitchel Brennan confirmed they would agree to be a fiduciary to the plans and Frank and himself would attend the quarterly pension board meetings.
7. Frank Wan reviewed their investment philosophy. Frank commented they believed in saving money by utilizing index funds, running a stress test on the portfolio, and then discussed the likelihood of hitting the investment return assumption under the current asset allocations. Frank reviewed how they tracked manager performance on a quarterly basis and on rolling year periods. Frank commented they had expectations for each manager and stated they also factored in downside protection. Mitchel commented they looked at people, philosophy, and performance when examining managers.
8. Frank Wan commented their annual minimum was \$20,000, but if both plans hired BCA, the annual fee would be reduced to \$17,500 for police and \$15,000 for fire. Frank commented the fees were guaranteed for 3 years.
9. Frank Wan confirmed they had worked with Fiduciary Trust and they had some issues on transitions. Frank commented Wells Fargo may need to sell the current positions and the assets come over in cash. Frank suggested going into index funds while the Investment Policy Statement (IPS) was being finalized. Frank confirmed they could bring an update on the Market Value of Assets (MVA) and performance within the week of the meeting.

ii. AndCo Consulting, Brad Hess/Steve Gordon

1. Steve Gordon introduced himself and explained he was a partner of the firm. Steve commented they were designed to provide investment consulting services to Chapter 175 and 185 plans. Steve commented the firm is employee-owned and completely independent.
2. Steve Gordon confirmed they would be a named fiduciary to the plans and reviewed their firm resources. Steve commented they had a dedicated research team and client solutions team, as they believed that every plan should have a unique portfolio. Steve commented 49% of their clients had a MVA of \$25 million or below, but they also had funds that were over \$150 million which gave them a relationship with investment managers so minimum investments could be waived or reduced.


3. Brad Hess reviewed the consulting team that would be assigned to the plans. Brad commented he would be attending all the quarterly meetings and would partner with the plans to find solutions based on the plan goals.
4. Brad Hess reviewed their IPS recommendations and portfolio observations. Brad stated they could also hold an educational session on any new asset classes, so the boards understood the class before investing.
5. Brad Hess reviewed an example quarterly report and explained they would always show net and gross performance, current asset allocations compared to the IPS ranges, a total fund policy benchmark, and peer rankings. Brad commented the plans had the option to customize the peer universe to show plans that were similar in size and utilized similar investment methods.
6. Brad Hess reviewed their investment philosophy. Brad commented he would look at the funds separately, since one was a closed plan. Brad stated they would also look at the investment return assumptions, which would help drive how the portfolios were allocated. Brad reviewed their process for changing managers and/or placing them on watch. Brad explained he came from the research side, so it was important to understand the reason for the performance such as changes to personnel, structure, or the current market environment.
7. Steve Gordon reviewed the proposed fees. Steve commented the combined annual fee per plan was \$16,000. Steve further commented if both plans did not hire AndCo, the annual fee would be \$18,000. Steve commented they offered a service-backed guarantee which stated if the plans switched to another investment consultant within the first 12 months, all consulting fees that had been paid to AndCo would be returned. Steve commented fees were guaranteed for 3 years and they had a long track record of not raising fees.
8. The Board discussed the investment consultant presentations, each firm's client base, and performance. The Board discussed Wells Fargo Advisors, the proposal they submitted, and the recommendations that were identified by AndCo and BCA.
9. The Board discussed the transition and the possibility of holding a special transition meeting.

The Fire Board voted to hire AndCo as the investment consultant, terminate Wells Fargo Advisors, and authorize Scott Christiansen to draft the contract, upon motion by Bob Cabot and second by James Parker; motion carried 3-0.

The Police Board voted to hire AndCo as the investment consultant, terminate Wells Fargo Advisors, and authorize Scott Christiansen to draft the contract, upon motion by Richard Griner and second by Robert Tungate; motion carried 4-0.

4. **Adjournment** – The meeting adjourned at 1:21PM.

5. **Next Meeting** – June 10, 2021, at 9:30AM, Quarterly Meeting


Joseph Wubben, Fire Chairman

Date

6/10/21


William Rowe, Police Chairman

Date

7/13/21

SHECCIE CASE, POLICE SECRETARY

Date Approved by the Pension Boards:

JUNE 10, 2021 | JULY 13, 2021

Respectfully submitted by:


Ferrell Jenne, Plan Administrator