

**CITY OF LAKELAND  
EMPLOYEES' PENSION AND RETIREMENT SYSTEM  
BOARD OF TRUSTEES**

Chairman Rick Lilyquist, CPPT  
Vice-Chair Jeff Stearns  
Christopher Diaz, CPPT  
Ruffin Gray  
Brenden Hahn  
Jeff Michel  
Jim Studiale

**MEETING MINUTES**

July 23, 2024  
8:30 AM

Building Inspection Conference Room, Large  
228 South Massachusetts Avenue  
Lakeland, Florida 33801



In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this proceeding should contact Cherie Watson no later than three (3) days prior to the proceeding at (863) 834-8797 for assistance; if hearing impaired, telephone the Florida Relay Service Numbers, (800) 955-8771 (TDD) or (800) 955-8770 (VOICE), for assistance.

## CALL TO ORDER

Chairman Lilyquist called the meeting to order at 8:30 a.m.

## ROLL CALL

Trustees: Chairman Rick Lilyquist, Vice Chairman – Jeff Stearns, Ruffin Gray, Brenden Hahn, Jeff Michel, Jim Studiale

Staff: Cherie Watson, Carla Bibby

Guests: Tyler Grumbles, Kerry Richardville, Paul Murray (Virtual) - Mariner; Robb Upthegrove, Barbara Jordan – COLAR; David Anders - Employee

## APPROVAL OF THE AGENDA

*Jeff Stearns moved approval of Agenda. All approved.*

## APPROVAL OF THE MINUTES

*Jeff Stearns moved approval of May 28, 2024 Regular Board Meeting Minutes.  
All Approved.*

## PRESENTATIONS

### Investment Consultant

Tyler Grumbles from Mariner reviewed Michael Bertz with Kennedy Capital is stepping down, Kennedy was skewed to value and covers a spectrum of small cap. Two different searches – Small Cap Value and Small Cap Growth – split 50/50, style neutral with Benchmark. Jeff Stearns stated \$16M and \$16M each. Tyler reminded Board they can select a manager or have them come to meeting in August at an Investment Committee meeting.

Small Cap Growth – only doing \$16M:

Investment Options for this Manager Evaluation Report

Firm Name	Strategy Name	Vehicle	Management Fee	Investment Minimum
Allspring Global Investments Subadvisor: Peregrine Capital Management	Allspring Small Company Growth R6 (NSCRF)	MF	0.86%	No Minimum
Hood River Capital Management LLC	Hood River Small Cap Growth Ret (HRSOX)	MF	0.95%	No Minimum
Summit Creek Advisors LLC	Summit Creek Small Cap Growth	SA	1.00% on first \$50M, 0.95% on next \$50M, 0.75% thereafter	\$5,000,000
Vanguard Group, Inc. Subadvisors: Wellington Mgmt Co., Amermark Partners, ClearBridge Investments, Stephens Investment Mgmt, Vanguard Group	Vanguard Explorer Adm (VERAX)	MF	0.34%	\$50,000

Allspring is a mutual fund company, Peregrine is managing. Cherie inquired if Summit Creek is chosen how will their transaction fees effect Principals fee and Tyler responded they have less transactions as compared to Kennedy. Rick noted Vanguard fee is lower than all others and according to Tyler, is so large we may not get fast service. In relation to Hood River – performance is solid, they attend conferences and talk to people, they stand out and is recommended. If wanting two managers, include Vanguard. Ruffin reiterated if someone retires, we reevaluate that manager. As an overview, Tyler stated Hood River has pure stock selection, more diversified, with 100 stocks and beating index.

Kerry in reviewing Small Cap Value selection (\$16M), we currently have American Beacon in our DC Plan:

**Investment Options for this Manager Evaluation Report**

Firm Name	Strategy Name	Vehicle	Management Fee	Investment Minimum
American Beacon Advisors, Inc. (Subadvised by Barrow Hanley Mewhinney & Strauss, Grandywine Global, DePence, Race & Zollo, Hutchins & Wiley, and Newton Investment Management)	American Beacon Small Cap Value R6 (AASRX)	MF	0.77%	None
Diversical Fund Advisors, LP (DFA)	DFA US Targeted Value I (DFFVX)	MF	0.29%	None
J.P. Morgan Investment Management, Inc.	JPMorgan Small Cap Value R6 (JSVLX)	MF	0.74%	\$15,000,000

DFA is looking at universe to choose size of investments, not doing onsite visits but following model, DFA has attractive fee, small companies over time outperform broader market. JPM is sole decision maker. We recommend DFA.

***Ruffin Gray motioned to fund \$16M each to Hood River and DFA.  
 All approved. Motion carries.***

Tyler recommended using Capis to handle transition from Kennedy to Hood River and DFA.

***Jeff Stearns motioned to hire Capis to complete transition from Kennedy to Hood River and DFA.  
 All approved. Motion carries.***

Tyler discussed Terra Cap and how they have exercised an extension on their investment fund. They have 3 properties in Atlanta and they extended maturity on those debts.

Our 12-31-23 Executive report was reviewed:

## Pension- Performance and Attribution

### Quarterly Results

Preliminary Flash Return: +6.2% (Net)

Final Return: +7.0% (Net)

Plan Benchmark: +8.7%

Performance vs. Benchmark: -1.7%

Peer group Ranking: 78<sup>th</sup> Percentile

### Primary drivers of benchmark relative performance for the quarter

- **Domestic Equity** (+11.8%) underperformed the benchmark (+12.1%)
- **Non-Core Real Estate** generally outperformed traditional core real estate during the quarter
- **Private Equity** (+2.0%) underperformed public equities (+12.1%)
- **Private Fixed Income** (+3.2%) underperformed core fixed income (+7.5%)

## Pension- Performance and Attribution

	FYTD	3 Year	5-year	10 Year
Total Plan (Net)	7.0%	5.3%	9.7%	7.6%
Benchmark	8.7%	5.1%	10.2%	7.8%
vs Benchmark	-1.7%	0.2%	-0.5%	-0.2%
vs Peergroup (% Rank)	78 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	7 <sup>th</sup>

### Primary drivers of benchmark/peergroup relative performance

- Private Equity: Earned 23.6% vs Domestic Equity return of 14.0% over last 5-years
- Private Fixed Income: +8.2% vs Core Fixed Income return of 1.5% over last 5-years
- Private Multi-Asset: +1.6% vs Total Plan return of 9.7% over the last 5-years
- Domestic Equity: +10.9% vs index return of 11.5% over the last 5-years
  - Domestic Equity has ranked in 45<sup>th</sup> percentile over the last 5 years

Kerry with Mariner, reviewed our June 2024 performance reflecting market value at \$745M, private market is lagging in returns, up 1.9%, index up 1.7%. Jeff Stearns inquired about JPM redemption, which Tyler stated they are not paying a significant amount. Investments are close to all targets:

#### Asset Allocation Compliance

	Asset Allocation \$	Current Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Min. Rebal (\$000)	Max. Rebal (\$000)	Target Rebal (\$000)
Total Fund	744,705,779	100.0	N/A	N/A	100.0	-	-	-
Domestic Equity	252,068,496	34.0	27.5	47.5	32.5	-48,074,134	100,067,222	-10,036,756
International Equity	121,723,317	16.3	10.0	25.0	15.0	-47,252,630	64,453,378	-10,017,300
Private Equity	86,619,317	11.9	0.0	20.0	15.0	-86,619,317	60,328,039	23,092,700
Core Fixed Income	116,402,476	15.6	10.0	40.0	15.0	-41,931,798	181,480,236	-4,696,456
Private Fixed Income	52,800,910	7.1	0.0	15.0	10.0	-52,800,910	58,905,046	21,689,707
Core Real Estate	22,432,847	3.0	0.0	10.0	5.0	-22,432,847	51,977,831	14,742,432
Non-Core Real Estate	36,746,307	4.9	0.0	10.0	5.0	-36,746,307	37,724,371	489,032
Private Multi-Asset	26,010,849	3.5	0.0	10.0	0.0	-26,010,849	48,459,829	-26,010,849
Private Infrastructure	24,218,264	3.3	0.0	5.0	2.5	-24,218,264	13,017,075	-5,600,585

Jeff Michel wanted details of 2 Emerging Market investments, per Kerry Wellington is Sector neutral and RBC sticks to ½ weight in China. Per Tyler, Wellington is on watch and may do a review.

Paul stated value in DC Plans increased \$3M. Jeff Stearns mentioned Stable Value percentage may be incorrect. Tyler is reviewing and stated money markets are around 5%. Cherie mentioned, a lot of people getting close to retirement likes to move their funds into a more conservative fund, Jim stated he moved a lot into Putnam when he got ready to retire. Tyler stated there is no limit to moving funds in or out of Putnam. Paul stated there are certain limitations if Sponsor pulls out and will provide rules. Ruffin mentioned Putnam used to contain 50% of investments and is now reflecting 22%. Accordingly, Tyler stated Putnam has better returns than some of our Target Funds. Rick requested Mariner to bring in an Overview at our next Board meeting.

Administrator

Cherie Watson reminded Board a new Authorized signer list is required as one Signer is no longer with City to cosign Capital Call requests from money managers.

Cherie also reviewed a request to allow ROTH conversions inside our 401(a)/457 accounts. Lowell Walters, Deferred Comp Attorney, provided legal points and they were reviewed with Trustee's.

***Ruffin Gray moved to allow ROTH Conversions.  
Motion passed, Jim Studiale Nay.***

Carla Bibby discussed new FPPTA requirements for new Trustee participation as well as an additional Trustee Leadership Council – which will replace NY Stock Exchange event. Per Kerry, the next Council event has been filled, they may be looking to fill next year.

Cherie Watson presented Retirements & Refunds report for May/June 2024, with a note on Jaime H. is a rehire that was already vest deferred and we have added to their existing deferred pension amount.

***Jeff Stearns motioned to approve May/June 2024 Retirements and Refunds Report.  
Motion passed unanimously.***

Tyler mentioned they are doing search for managers for co-investments in Private Equity and doing due diligence for Crescent.

## OTHER BUSINESS

Chairman Lilyquist mentioned hearing discussions about outsourcing Retirement Services (RS) and staff and how this would be a dis-service to Retirees/Active Employees. City is looking at saving funds. Solid waste was reviewed at a time, to privatize, created an uproar. Barbara Jordan is alarmed by this discussion, as Retirees need one on one attention. Jim stated RS creates a personal relationship, we do not have Social Security. Rick stated if this gains traction we will need as a Board, to decide how to handle. Cherie – this discussion could be from me Retiring next year and Kerry Wisler resigning from her position. We currently have an experienced prospect that has passed interviews and will keep Board up to date.

## PUBLIC COMMENTS

## NEXT MEETING DATE

The next regular meeting of the Board of Trustees of the City of Lakeland Employees' Pension & Retirement System is scheduled for 8:30 AM, Tuesday, September 24, 2024, Building Inspection Conference Room, Large, 228 South Massachusetts Avenue, Lakeland, Florida 33801.

## ADJOURNMENT

Upon motion, the meeting adjourned at 10:35 am.

Respectfully Submitted,

Signed: \_\_\_\_\_

Rick Lilyquist, Chairman

Approval Date: September 24, 2024

Signed: \_\_\_\_\_

Jeffrey Stearns, Vice Chairman