

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

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

MEETING AGENDA

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) 834-8794 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

ROLL CALL

APPROVAL OF THE AGENDA

APPROVAL OF MINUTES

- May 28, 2024 Regular Board Meeting Minutes

PRESENTATIONS

Investment Consultant

Tyler Grumbles – Mariner Consulting

- Kennedy Replacement Manager Review
- Terra Cap Notice of Extension
- Dec 2023 Quarterly & Executive Pension Reports
- 6/30 Pension Flash
- 6/30 DC Flash

Administrator

Cherie Watson, Lakeland Retirement Services

- Authorized Signer List – Updated
- ROTH Conversion While Active Review
- FPPTA – New Trustee Education Requirement (Carla)
- Retirement & Refund Report May/June

OTHER BUSINESS

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 a.m., September 24, 2024 in the Building Inspection Conference Room, Large, 228 South Massachusetts Avenue, Lakeland, Florida 33801.

ADJOURNMENT

EMPLOYEES' PENSION & RETIREMENT SYSTEM
RETIREMENTS AND REFUNDS
MAY/JUNE 2024

| ENTER DROP | | | | |
|-------------------------------|--------------------------------|-----------------------|--------------------|-----------------------|
| Name | Job Title | Hire Date | Retire Date | Monthly Amount |
| Cynthia Canova | Customer Service Rep II | 2/7/2005 | 5/5/2024 | \$1,531.60 |
| Julia Raebig | Public Safety Aide | 3/3/1997 | 6/2/2024 | \$3,442.82 |
| | | | | |
| EXIT DROP | | | | |
| Name | Job Title | Principal | Interest | Total |
| Charles Dormer | Fiscal and Operations Manager | \$305,921.05 | \$21,071.32 | \$326,992.37 |
| John Love | Materials Specialist - IBEW | \$180,343.08 | \$15,053.84 | \$195,396.92 |
| Robert "Mike" Futch | Grounds Maintenance Foreman I | \$309,240.65 | \$24,016.23 | \$333,256.88 |
| Mark Raiford | Purchasing Manager | \$37,890.60 | \$280.75 | \$38,171.35 |
| Cheryl Edwards* | Fire Marshal | \$156,277.31 | \$11,863.28 | \$168,140.59 |
| Marlon Austin | Wastewater Plant Operator II | \$233,986.84 | \$17,772.99 | \$251,759.83 |
| | | | | |
| *Cross Credit | | | | |
| TOTAL | | \$1,223,659.53 | \$90,058.41 | \$1,313,717.94 |
| | | | | |
| PENSION BENEFIT MODIFICATIONS | | | | |
| Name | Option | Eff Date | Old Amount | New Amount |
| | | | | |
| REFUND CONTRIBUTIONS | | | | |
| Name | Job Title | Hire Date | Term Date | Amount |
| Terrence McKloski | Transportation Planner | 1/17/2023 | 5/19/2023 | \$899.13 |
| Jennifer Magnetico | Pension Benefits Assistant | 3/18/2019 | 6/9/2023 | \$7,585.91 |
| Hunter Poulakos | Recreation Assistant | 6/7/2021 | 3/29/2024 | \$2,539.50 |
| Keturah Loughlin | Accounting Clerk II - RP Fund | 7/9/2018 | 3/31/2023 | \$10,373.74 |
| Renee Elliott | Finance Customer Bill Assoc I | 10/9/2023 | 2/16/2024 | \$446.98 |
| Corinne Titus | Library Associate | 7/12/2021 | 11/9/2023 | \$3,409.31 |
| Troy Smeltzer | Building Maintenance Worker I | 11/6/2023 | 3/30/2024 | \$1,216.44 |
| Justin Harris | Grounds Maint Worker I | 8/8/2022 | 4/28/2024 | \$1,821.34 |
| Benjamin Hadaway | Grounds Maintenance Worker II | 8/25/2023 | 5/3/2024 | \$837.46 |
| Gary Renew | Equipment Operator I | 9/19/2023 | 5/16/2024 | \$778.56 |
| Kerri Vaughan | Assistant Box Office Superviso | 6/3/2007 | 8/31/2018 | \$5,820.09 |
| Emmanuel Orduna | Grounds Maintenance Worker III | 11/8/2022 | 5/15/2024 | \$1,772.51 |
| David Elfring | Grounds Maintenance Worker II | 5/9/2022 | 5/24/2024 | \$2,339.99 |
| Tyrese Brown | Grounds Maint Worker I | 2/12/2024 | 5/24/2024 | \$310.56 |
| Justin Winter | Building Maintenance Worker I | 8/14/2023 | 5/20/2024 | \$775.75 |
| Yahir Ocasio Suarez | Solid Waste Collector | 2/13/2023 | 5/31/2024 | \$1,109.04 |
| Jesse Andresen | Grounds Maintenance Worker II | 12/5/2022 | 5/29/2024 | \$1,691.85 |
| | | | | |
| | | | Total | \$43,728.16 |
| | | | | |

| RETIREMENTS | | | | |
|------------------------|--------------------------------|------------|-------------|----------------|
| Name | Job Title | Hire Date | Retire Date | Monthly Amount |
| Tamara Vivi | Building Permit Coordinator | 10/10/2016 | 5/4/2024 | \$413.58 |
| Varrick Nunez | Librarian Supervisor | 8/13/2018 | 5/18/2024 | \$1,371.82 |
| Dale Shedd | Grounds Maint Worker I | 6/10/2019 | 6/21/2024 | \$391.55 |
| ROLLOVER CONTRIBUTIONS | | | | |
| Name | Job Title | Hire Date | Term Date | Amount |
| Jeremy Mills | Building Maintenance Worker II | 3/9/2020 | 12/15/2021 | \$2,836.16 |
| Branden Osborne | Office Assistant II | 7/11/2022 | 1/26/2024 | \$1,921.84 |
| Yadira Camacho | Library Associate | 7/10/2017 | 12/20/2019 | \$5,872.04 |
| | | | Total | \$10,630.04 |
| VESTED DEFER | | | | |
| Name | Job Title | Hire Date | Term Date | Monthly Amount |
| Ariana McGuirk | Engineer IV - LE | 1/9/2017 | 5/16/2024 | \$1,236.57 |
| Jaime Hathcock | Police Records Associate | 1/8/2024 | 5/21/2024 | \$695.20 |
| Haley Snider | Recreation Specialist I | 4/24/2011 | 5/24/2024 | \$870.18 |
| Shayla Bradford | Laboratory Technician II | 6/25/2018 | 5/30/2024 | \$634.15 |
| James Chauncey | System Analyst | 3/15/2006 | 6/13/2024 | \$3,768.62 |
| Kerry Wisler | Pension Benefits Specialist | 3/10/2014 | 6/14/2024 | \$1,298.50 |
| VESTED REFUND | | | | |
| Name | Job Title | Hire Date | Term Date | Amount |
| Timothy Fountain | Grounds Maintenance Worker II | 1/30/2011 | 5/20/2022 | \$33,469.89 |
| Allyson Stirling | Lifeguard III | 1/14/2019 | 5/17/2024 | \$9,857.71 |
| Brittany Bolio | Building Maintenance Worker I | 11/13/2017 | 5/17/2024 | \$9,555.29 |
| | | | Total | \$52,882.89 |
| VESTED ROLLOVER | | | | |
| Name | Job Title | Hire Date | Term Date | Amount |
| | | | Total | \$0.00 |

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MEETING MINUTES

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CALL TO ORDER

Chairman Lilyquist called the meeting to order at 8:33 a.m.

ROLL CALL

Trustees: Chairman Rick Lilyquist, Vice Chairman – Jeff Stearns, Chris Diaz, Ruffin Gray, Brenden Hahn, Jeff Michel

Staff: Kerry Wisler, Carla Bibby

Guests: Tyler Grumbles - Mariner; Robb Upthegrove, Barbara Jordan, Mike Stewart – COLAR; Wendy Valentine – Asst Treasurer; Suzette Whyte – Finance; Chuck Bryant, Don Cobin, Michael Bertz – Kennedy Capital Management

APPROVAL OF THE AGENDA

Jeff Stearns moved approval of Agenda. All approved.

APPROVAL OF THE MINUTES

Minutes from April 23, 2024:

Page 4, section labeled “Legal Council”, in line 3 and line 5, word “repel” should be “repeal”.

Jeff Stearns moved approval of April 23, 2024 Regular Board Meeting Amended Minutes and April 23, 2024 Investment Committee Meeting Minutes. All Approved.

PRESENTATIONS

Kennedy Capital Management

Prior to Kennedy Capital presentation, Tyler Grumbles from Mariner gave preface for presentation. Michael Bertz, Portfolio Manager, is retiring, therefore Kennedy is closing the extended value product. Kennedy would like the board to consider another product (small cap value), but Mariner hasn't approved. Mariner can review this product if the board is interested. The small cap value would be compared to Russell 2000 index. Chairman Lilyquist asked the timeframe for the change and Tyler answered that it would be no more than one year. Mariner is already starting a search and wants to know if the board would like to include Kennedy's small cap value fund.

Chuck Bryant, Michael Bertz, and Don Cobin from Kennedy Capital presented firm overview and small cap value fund. Kennedy Capital has been in business over four decades and is approximately 65% employee owned. They have understanding of what drives sales, margins, and terms.

The Small Cap Value Fund includes higher quality companies where valuation hasn't been captured. It has higher return businesses versus the benchmark. They include lower turnover and lower trading costs. 8 out of the last 10 years, the fund has outperformed the Russell 2000 Value benchmark.

Jeff Stearns asked Kennedy why they are phasing out the extended value product instead of replacing the manager. Kennedy replied that they use the same team and it makes sense to only have 1 small cap product. Chairman Lilyquist requested to see a graph comparing the current extended value product to this small cap value fund. They will put together comparison slides and send. Kennedy also mentioned that both strategies have outperformed, but the small cap value has outperformed the strategy we're currently in.

Investment Consultant

Tyler Grumbles from Mariner opened discussion with board about Kennedy Capital presentation. He mentioned that there are 14 analysts that manage the small cap value product. The extended value product performance was okay, but not great. If it had better performance, they may not be closing it.

Jeff Stearns asked why Mariner hasn't reviewed Kennedy's small cap product. Tyler answered that it is comparable to other products Mariner uses, so it hasn't been through the normal review process.

Jeff Stearns asked if we would do search for small cap product or one like we currently have, which is a roaming product. Tyler answered that it would be like current product, growth and value. Tyler asked if the board wants Mariner to include Kennedy's small cap product in the search. He said that search would include options versus the Kennedy small cap product.

Board agreed that an Investment Committee Meeting will be scheduled for late June to review replacement for Kennedy's extended value product. The search will be for a growth and value product. Recommendation from June Investment Committee Meeting would be voted on by full board at the July pension board meeting.

Tyler Grumbles from Mariner presented the Investment Performance Review for period ending April 30, 2024. For the month, total fund was down 2.37%, however the benchmark was down 2.9%. This is where alternative investments help. FYTD, fund is up 8.28%. Market Value for fund is \$726,336,441.

In Domestic Equity, Polen is struggling, however we are parting ways. Transition from Polen to Vanguard Russell 1000 Growth Index takes place 5/29/2024. Eagle and Vanguard did well. Vanguard protects on the downside. Domestic Equity is in line with the benchmark.

In International Equity, WCM has performed well for 1 year, but underperformed for the month. TSW underperformed and is close to being on watch list. Wellington performed well this quarter and is also close to being on watch list.

Fixed income is down for the quarter. Interest rates are expected to stay higher for longer than expected. Janna Hamilton from Garcia Hamilton unexpectedly retired. Mariner is watching Garcia Hamilton. They are positioning themselves for interest rates to go down.

| | Asset Allocation \$ | Current Allocation (%) | Minimum Allocation (%) | Maximum Allocation (%) | Target Allocation (%) | Min. Rebal. (\$000) | Max. Rebal. (\$000) | Target Rebal. (\$000) |
|------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------|------------------------|------------------------|--------------------------|
| Total Fund | 726,336,441 | 100.0 | N/A | N/A | 100.0 | - | - | - |
| Domestic Equity | 243,287,358 | 33.5 | 27.5 | 47.5 | 32.5 | -43,544,837 | 101,722,451 | -7,228,015 |
| International Equity | 116,818,592 | 16.1 | 10.0 | 25.0 | 15.0 | -44,184,947 | 64,765,519 | -7,868,125 |
| Private Equity | 86,261,035 | 11.9 | 0.0 | 20.0 | 15.0 | -86,261,035 | 59,006,253 | 22,689,431 |
| Core Fixed Income | 112,762,405 | 15.5 | 10.0 | 40.0 | 15.0 | -40,128,761 | 177,772,172 | -3,811,939 |
| Private Fixed Income | 53,713,444 | 7.4 | 0.0 | 15.0 | 10.0 | -53,713,444 | 55,237,022 | 18,920,200 |
| Core Real Estate | 22,351,268 | 3.1 | 0.0 | 10.0 | 5.0 | -22,351,268 | 50,282,376 | 13,965,554 |
| Non-Core Real Estate | 35,866,232 | 4.9 | 0.0 | 10.0 | 5.0 | -35,866,232 | 36,767,412 | 450,590 |
| Private Multi-Asset | 25,724,679 | 3.5 | 0.0 | 10.0 | 0.0 | -25,724,679 | 46,908,965 | -25,724,679 |
| Private Infrastructure | 24,274,939 | 3.3 | 0.0 | 5.0 | 2.5 | -24,274,939 | 12,041,883 | -6,116,528 |

JP Morgan is offering a fee discount if board reduces amount in queue to be withdrawn. If amount in queue is less than 20% of asset value, fee will be reduced by 30%. Tyler recommends taking the amount to \$3 Million and once that is exhausted, increase amount to be withdrawn. Payouts from JP Morgan have been about 1%-2% per quarter. Jeff Michel asked how much we would save in fees. Tyler answered approximately \$40,000/ year. We currently have \$16.6 Million in the fund. Tyler reminded the board that we committed \$1 Million to Harrison Street and we would increase as we receive funds from JP Morgan.

Jeff Stearns motioned to adopt recommendation to modify Withdrawal Request for JP Morgan to \$3,000,000.

All approved. Motion carries.

Tyler Grumbles presented the Investment Performance Review for DC Plans. Funds did well and Alger is up 40% for 1 year. Vanguard Equity Index had good performance. Board voted to replace Invesco at previous meeting.

| Allocation | | | Allocation | | |
|--------------------------|--------------|------------|--------------------------|--------------|------------|
| | Market Value | Allocation | | Market Value | Allocation |
| Equity | 62,075,286 | 39.9 | Equity | 59,889,161 | 39.5 |
| Fixed Income | 44,779,238 | 28.7 | Fixed Income | 44,175,282 | 29.1 |
| Balanced | 10,857,364 | 7.0 | Balanced | 10,599,482 | 7.0 |
| REIT (Real Estate Funds) | 1,398,654 | 0.9 | REIT (Real Estate Funds) | 1,295,474 | 0.9 |
| Real Return | 800,174 | 0.5 | Real Return | 702,224 | 0.5 |
| Cash | 1,609,087 | 1.0 | Cash | 1,553,359 | 1.0 |
| Target Date | 34,252,291 | 22.0 | Target Date | 33,456,918 | 22.1 |

Tyler Grumbles presented Alternatives Overview. Alternatives had 7.3% return over last 4 years. Private Equity had 24% return and Private Investments had 10-11% return. Real Estate reduced volatility of portfolio. Alternatives increase performance and reduce volatility. They are added in for long term reasons. International Equity has had lower returns, but are cheaper than US stocks due to volatility. It's part of having a balanced portfolio.

Private Equity has IRR of 24.8%. Only negative fund is Accolade Growth II. Private Credit earned 10%/year. Non-Core Real Estate IRR is 8.2%. Artemis Real Estate is down 36%, however they haven't called a lot of capital. Private Asset funds have outperformed for the most part. Tyler wouldn't do multi-asset or MLPs again. Chris Diaz asked if Invesco will smooth out and Tyler replied it already has. Invesco isn't investing in new products. Tyler reminded board that money that isn't called stays invested. We keep approximately \$2-6 Million in cash, which is earning about 5%.

We have alternatives in portfolio for:

- Risk-adjusted return potential
- Lower correlation to other asset classes
- Inflation protection
- Strong cash flow profile for Private Debt, Real Estate, and Infrastructure
- Essential nature of certain assets (Infrastructure) can be less economically sensitive

Open ended funds can put money in or take money out. Closed ended funds commit capital and as they find funds, call capital.

Private Equity is like stock market, but are private companies. It isn't private debt. The ways to access Private Equity include Venture Capital, Growth Equity, Buyouts, and Turnaround/Distressed. Implementation considerations include Co-Investments, Direct Fund Investments, Fund of Funds, and Secondary Funds. Items also considered are Leverage, Access, Transparency, Exit Strategy, and Valuations. Topics also discussed were private debt, and Core vs. Non-Core real estate. Our fund is under-weight in Core Real Estate and Non-Core Real Estate is right on target.

Administrator

Kerry Wisler reminded trustees about financial filing with state, which is due July 1st. Email was sent to trustees on May 2nd.

Kerry Wisler discussed consulting services agreement for actuary, Gabriel, Roeder, Smith & Co. Contract expires 9/30/2024, however the contract may be renewed for additional 3-year period, without re-bidding at the end of the contract term. Jeff Stearns asked when the last RFP was performed. Kerry Wisler answered 2021.

Jeff Stearns motioned to extend the consulting services agreement with Gabriel, Roeder, Smith & Co. by 3 years.

Motion passed unanimously.

Kerry Wisler reminded trustees about FPPTA Annual Conference in June. Chris Diaz is signed up. If any other trustees want to attend, let her know.

Kerry Wisler presented Retirements & Refunds report for April 2024.

Jeff Stearns motioned to approve April 2024 Retirements and Refunds Report.

Motion passed unanimously.

Kerry Wisler notified board that she submitted resignation of employment. She accepted position outside of City of Lakeland. Her last working day will be June 7, 2024.

OTHER BUSINESS

PUBLIC COMMENTS

Barb Jordan from COLAR asked the status of stipend (bonus) from City of Lakeland that comes from general fund. Jeff Stearns answered that finance director is working on it and reviewing CPI adjustments. Kerry Wisler mentioned that last bonus from City was paid on June 30th pension check in 2020.

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, July 23, 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,

Approval Date: July 23, 2024

Signed: _____
Rick Lilyquist, Chairman

Signed: _____
Jeffrey Stearns, Vice Chairman