

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

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

MEETING AGENDA

March 25, 2025
8:30 AM

City Commission Conference Room, 3rd Floor
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

- February 25, 2025 Regular Board Meeting Minutes
- March 11, 2025 Investment Committee Meeting Minutes

PRESENTATIONS

Custodian

Principal Financial – Michael Johnson (Microsoft Teams)

- Canoe Shadowing

Investment Consultant

Kerry Richardville; Tyler Grumbles – Mariner Consulting

- February Flash Report - DB plan
- February Flash Report - DC plans
- Investment Policy
- Accolade 4 Discussion
- Virtus Extension

Administrator

Cherie Watson, Lakeland Retirement Services

- Retirement & Refund Report February 2025

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., April 22, 2025 in the Building Inspection Conference Room, Large, 228 South Massachusetts Avenue, Lakeland, Florida 33801.

ADJOURNMENT

EMPLOYEES' PENSION & RETIREMENT SYSTEM
RETIREMENTS AND REFUNDS
FEBRUARY 2025

ENTER DROP				
Name	Job Title	Hire Date	Retire Date	Monthly Amount
Christopher Lyon	Traffic Sign Fabricator	7/12/2004	2/9/2025	\$1,881.62
John Bloompott	WU Pipefitter Foreman	7/26/2004	2/9/2025	\$3,114.62
Cydcharrisse Stevens	Public Safety Aide	2/14/2000	2/23/2025	\$3,765.40
EXIT DROP				
Name	Job Title	Principal	Interest	Total
Larry Schuler*	Drainage Liaison	\$166,592.34	\$7,029.13	\$173,621.47
Linda Bomar	Customer Service Rep II	\$92,339.05	\$3,109.64	\$95,448.69
<i>*Self Directed portion</i>				
TOTAL		\$258,931.39	\$10,138.77	\$269,070.16
LUMP SUM TO DCP				
Name	Job Title	Hire Date	Plan Chg Date	Amount
PENSION BENEFIT MODIFICATIONS				
Name	Option	Eff Date	Old Amount	New Amount
REFUND CONTRIBUTIONS				
Name	Job Title	Hire Date	Term Date	Amount
Mathew Hamilton	Lifeguard II	5/13/2024	1/2/2025	\$ 1,140.71
Kristi Crowell	Code Enforcement Officer	3/13/2023	1/3/2025	\$ 3,113.69
Shannah Rieder	Accounting Clerk I	5/20/2024	1/17/2025	\$ 1,085.77
Jovan Lopez	Solid Waste Collectn Driver II	7/12/2021	1/23/2025	\$ 4,534.49
Sean Dallas	Grounds Maint Worker I	2/12/2024	7/12/2024	\$ 459.81
George Chitwood	Engineering Inspector	10/4/2021	1/24/2025	\$ 5,694.06
Nicholas Buttrey*	Police Officer	5/18/2020	1/16/2025	\$ 459.14
<i>*Cross Credit</i>			Total	\$ 16,487.67
RETIREMENTS				
Name	Job Title	Hire Date	Retire Date	Monthly Amount
ROLLOVER CONTRIBUTIONS				
Name	Job Title	Hire Date	Term Date	Amount
			Total	\$
VESTED DEFER				
Name	Job Title	Hire Date	Term Date	Monthly Amount
Eric Bailey	Engineering Tech II - Water	6/8/2015	2/11/2025	\$ 1,229.84
Damien Negley	Grounds Maintenance Foreman	5/8/2006	2/12/2025	\$ 1,962.60
Jose Morales	Solid Waste Collectn Driver II	10/3/2005	2/17/2025	\$ 2,213.25
Michael Phillips	Water Utilities Pipefitter II	12/18/2005	2/25/2025	\$ 2,569.82
Dave Berry	Automotive Technician II	2/12/2018	2/26/2025	\$ 689.30
VESTED REFUND				
Name	Job Title	Hire Date	Term Date	Amount
			Total	\$

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

Chairman Rick Lilyquist, CPPT
Vice-Chairman Jeff Stearns
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MEETING MINUTES

February 25, 2025
8:30 AM

City Commission Conference Room, 3rd Floor
228 South Massachusetts Avenue
Lakeland, Florida 33801



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CALL TO ORDER

Chairman Lilyquist called the meeting to order at 8:31 a.m.

ROLL CALL

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

Staff: Cherie Watson, Carla Bibby, Tonie Thompson

Guests: Kerry Richardville, Tyler Grumbles, Robert Bulas (Virtual) - Mariner – Investment Consultant; Jeff Amrose, Trish Amrose – GRS (Actuary); William Blend – Forvis Mazars fka MSL CPAs (Auditor); Robb Upthegrove, Barb Jordan – COLAR; Wendy Valentine, Suzette Whyte - Employees

OTHER BUSINESS

Cherie reminded Board, at last meeting in January, quorum was 4 Trustees. Since Rick Lilyquist was a Trustee in attendance, there were not enough Trustees to vote, nominating Rick as Chairman of Board and we need to do now prior to any motions. Jeff Stearns would remain as Vice Chairman.

Jim Studiale made motion to nominate Rick Lilyquist to remain as Chairman. Motion passed unanimously.

Jim Studiale stopped by Clerks office after our January meeting to be sworn as a renewed member of Board and has another 3 years as a Trustee.

APPROVAL OF THE AGENDA

Chris Diaz moved approval of Agenda. Motion passed unanimously.

APPROVAL OF THE MINUTES

Ruffin Gray motioned approval of January 21, 2025 Regular Board Meeting Minutes. Motion passed unanimously.

PRESENTATIONS

Auditor

William Blend of Forvis Mazars fka MSL CPAs presented the Lakeland Employees' Pension and Retirement System Financial Statements for fiscal year ending September 30, 2024. Mr. Blend reported that the financial statements present fairly, in all material respects, the financial position of the Plan, and the changes in financial position thereof for the fiscal year ending September 30, 2024, in accordance with accounting principles generally accepted in the United States. There were no significant deficiencies or material weakness reported.

CITY OF LAKELAND, FLORIDA
EMPLOYEES' PENSION AND RETIREMENT SYSTEM

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2024

ADDITIONS	
Contributions:	
Employer	\$ 6,768,289
Plan members	<u>4,381,067</u>
Total contributions	<u>11,149,356</u>
Investment income:	
Interest and dividends	14,908,903
Net increase (decrease) in the fair value of investments	108,153,005
Investment advisor fee	<u>(2,170,252)</u>
Net investment income	<u>120,891,656</u>
Miscellaneous income	<u>174</u>
Total additions	<u>132,041,186</u>
DEDUCTIONS	
Benefits paid	51,608,879
Refunds former plan members	1,648,029
Administrative expenses	<u>304,091</u>
Total deductions	<u>53,560,999</u>
CHANGE IN NET POSITION	78,480,187
NET POSITION, beginning of year	<u>690,183,168</u>
NET POSITION, end of year	<u>\$ 768,663,355</u>

Jeffrey Stearns moved approval of the Audit Report. Motion passed unanimously

Actuarial Valuation Report

Jeff Amrose and Trish Amrose of Gabriel Roeder Smith & Company will determine contribution rates and review Experience Study, last completed 8 years ago. This will look at Assumptions of pension.

Presented the FY2024 Actuarial Valuation Report. Plan is in good shape with funded ratio of 95.3% compared to 96.8% last year. Average Plan is funded in upper 80% on average.

Comparison of Required Contributions

The required contributions for the fiscal year ending September 30, 2025 and September 30, 2026 are as follows.

	For FYE 9/30/2026 Based on 10/1/2024 Valuation	For FYE 9/30/2025 Based on 10/1/2023 Valuation	Increase (Decrease)
<u>Before This Year's Cost Sharing</u>			
Actuarially Determined Employer Contribution as % of Covered Payroll	10.59 %	9.86 %	0.73 %
<u>After This Year's Cost Sharing</u>			
Employer Contribution Rate	10.22 %	9.86 %	0.36 %
Employee Contribution Rate			
Plan A / B	9.28 %	8.91 %	0.37 %
Plan C	4.53 %	4.16 %	0.37 %
<u>After Credit Balances Applied</u>			
Employer Contribution Rate from above	10.22 %	9.86 %	0.36 %
Use of Credit Balances	<u>(1.49) %</u>	<u>(1.63) %</u>	<u>0.14 %</u>
Net Employer Contribution Rate	8.73 %	8.23 %	0.50 %
Employee Contribution Rate from above	9.28/4.53 %	8.91/4.16 %	0.37 %
Use of Credit Balances	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>
Plan A / B	9.28 %	8.91 %	0.37 %
Plan C	4.53 %	4.16 %	0.37 %

Please note that the required Employer contributions shown above reflect the proceeds for the Pension Obligation Bond in assets but do not include the City's debt service to bondholders for the Pension Obligation Bond.

Required Contribution for Fiscal Year Ending September 30, 2026

The contributions developed in this valuation have been calculated as though payments are made at the end of each biweekly pay period. For the fiscal year ending September 30, 2026, the amount contributed by the City plus \$1,546,989 for the application of the Credit Balance must equal at least 10.82% of covered payroll.

Actual Versus Required Contribution for Fiscal Year Ending September 30, 2024

The actual employer contribution received during the year ending September 30, 2024 was \$8,315,278, or 8.74% of covered payroll based on covered payroll of \$95,090,370. The actual employer contribution includes \$6,768,289 from this year's City contribution plus \$1,546,989 for the application of the Credit Balance for the year (please see further details below). The actuarially determined minimum required contribution was 8.73% of covered payroll.

Credit Balance

Pursuant to Resolution No. 5242, adopted on October 19, 2015, \$15,000,000 was transferred from the Public Improvement Endowment Fund to the Plan on November 10, 2015, and a credit balance reserve in the amount of \$15,000,000 was established. The Resolution details that this credit balance reserve is amortized over a period of sixteen years using a level dollar payment method and the previous investment return assumption of 7.25%. The resulting amortization amount of \$1,546,989 is used as a credit against the annual employer required contribution after the cost sharing calculations are applied starting with the fiscal year ending September 30, 2016.

Revisions in Benefits

There were no revisions in benefits since the previous valuation.

Revisions in Actuarial Assumptions or Methods

There were no revisions in actuarial assumptions or methods since the previous valuation.

Actuarial Experience

There was a net actuarial loss of \$15,160,621 (not including the gain or loss from the variable interest rate option for DROP members detailed below) since the last valuation which means that actual experience was less favorable than expected. The loss is primarily due to greater than expected average salary increases and recognized investment return below the assumed rate of 6.75%. The actual average salary increases were 11.9% this year versus an assumed average rate of 6.5%. The investment return was 18.7% based on the market value of assets (as determined by the Investment Consultant) and 6.3% based on the actuarial value of assets.

Actuarial Gains or Losses from Variable Interest Rate Option for DROP Members

According to Ordinance No. 5434, any actuarial gains or losses incurred by the Plan as a result of the variable interest rate compared to the actual return for DROP members shall not be applied in the cost sharing analysis to affect the employee contribution rates.

For the plan year ending September 30, 2024 the affected DROP members earned \$617,062 in interest based on the fixed 3% interest crediting rate. If the actual Plan investment return of 18.71% (as determined by the Investment Consultant) was applied for that period, the interest earned would be \$3,848,410, resulting in a gain of \$3,231,348. On a cumulative basis, the variable interest rate option for DROP members has resulted in a decrease in the required contribution rate determined in this valuation of 0.85% of covered payroll.

Funded Ratio

The funded ratio, one measure of the Plan's financial health, is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability. The funded ratio is 95.3% this year compared to 96.8% last year.

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year. Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Actuarial Value of Assets exceeds the Market Value of Assets by \$13,219,108 as of the valuation date (see Section C). This difference will be gradually recognized and, in the absence of offsetting gains, the computed contribution rate will gradually increase by approximately 1.0% of covered payroll (prior to this year's cost sharing adjustment).

Another potential area of variability has to do with the annual payment on the unfunded accrued liability (UAL). This payment is computed as a level percent of covered payroll under the assumption that covered payroll will rise by 2.5% per year or, if less, the average payroll growth over the most recent ten years. The most recent ten-year average is 2.27%, compared to 1.31% last year. If the ten-year average falls below this rate next year, the amortization payments on the current bases will increase. For example, if the payroll growth assumption was lowered to 0%, the UAL payment would have increased from \$2,726,866 to \$3,235,209.

Relationship to Market Value

If Market Value had been the basis for the valuation, the contribution rate would have been 11.57% (before this year's cost sharing adjustment) and the funded ratio would have been 93.6%. In the absence of other gains and losses, the contribution rate before allowing for the cost sharing mechanism should increase to that level over the next several years.

Conclusion

The remainder of this Report includes detailed actuarial valuation results, information relating to the pension fund, financial accounting information, miscellaneous employee data and a summary of plan provisions.

A small loss in 2024 and City Pay Study for active members lead to a 1.31% growth assumption for Payroll.

An Experience Study has been completed to review pension Assumptions that will be reviewed prior to voting on approval of Actuary report. Plans typically complete experience studies every 5 to 7 years.

SUMMARY OF FINDINGS

This experience investigation covers the eight-year period October 1, 2016 to October 1, 2024. The eight-year period provided sufficient data to form a basis for proposing updates in certain demographic and financial assumptions used in the actuarial valuation of the Pension Plan.

Proposed changes in actuarial assumptions resulting from this experience investigation, including the approximate first-year impact on the employer and employee contributions, are summarized below. The impacts of these changes are measured as of October 1, 2024.

For comparison purposes, the required Employer contribution before any proposed assumptions are adopted from our October 1, 2024 Actuarial Valuation Report are 10.22% of covered payroll for the Employer, 9.28% for Tier A/B employee, and 4.53% for Tier C Employees.

Our proposed actuarial assumption changes are as follows:

Actuarial Assumption	Current Assumption	Proposed Assumption	Change in Contribution Rate FYE 2026		
			City	Employee	Total
Salary Scale	Rates based on service	Slightly lower rates based on service	-0.20%	-0.15%	-0.35%
Retirement Rates	Normal Retirement rates based on age; Early Retirement rates based on age for members with less than 30 years of service and based on service for members with 30 or more years of service	Generally lower rates with Normal Retirement rates based on the years eligible for Normal Retirement and Early Retirement rates based on age for members with less than 30 years of service and based on age and service for members with 30 or more years of service	0.18%	0.12%	0.30%
Termination Rates	Select rates based on service (10 years for Plan A/B members and 5 years for Plan C members) and ultimate rates based on age	Higher rates with same table structure	-0.61%	-0.44%	-1.05%
Mortality Rates	FRS mortality assumption before their July 1, 2024 Actuarial Valuation Report	FRS mortality assumption from their July 1, 2024 Actuarial Valuation Report	0.62%	0.43%	1.05%
All Proposed Decrement Tables Above	Described above	Described above	-0.01%	-0.01%	-0.02%
Investment Return Assumption	6.75% net of investment-related expenses	6.50% net of investment-related expenses	1.26%	0.88%	2.14%
All Proposed Assumptions Including Investment Return Assumption	Described above	Described above	1.24%	0.87%	2.11%

Please note that the sum of the individual cost impacts does not equal the impact of all changes combined due to the interaction of Plan provisions and actuarial assumptions with one another and how the effect that one assumption change can have an impact on other assumption changes.

Rates of Salary Increase

Observed rates of salary increase during the eight year experience investigation period were slightly higher than expected based on the current salary increase assumption.

Rates of Retirement

The retirement eligibility requirements and early retirement factors for Plan A, Plan B and Plan C members are summarized in the table below.

Type of Retirement	Plan A	Plan B	Plan C
Normal Retirement	60/10	62/10	62/5
Early Retirement	50/10, 30 YOS or Rule of 75	52/10, 30 YOS or Rule of 75	52/5, 30 YOS or Rule of 75
Early Retirement Penalty	2.04% per year from 60 to 55 and 3% per year before 55	5% per year	5% per year

Rates of Employment Separation

Vesting is 100% at 10 years of service for Plan A and Plan B members and is 100% at 5 years of service for Plan C members.

It is important to note that Lakeland Electric Unit 3 was shut down during the study period which slightly inflated the number of withdrawals observed. Even after taking this into consideration the observed rates of employment separations during the experience investigation period were significantly higher than currently assumed.

Rates of Mortality

The mortality assumption for all municipal pension plans in the State of Florida is mandated under Florida State law to be the same mortality assumption used by the Florida Retirement System (FRS) in either its more current or second most current actuarial valuation. The FRS updated its mortality assumption effective in its July 1, 2024 actuarial valuation, so this new mortality assumption (for FRS other than K-12 Regular Class members) will be required to be used no later than in the October 1, 2025 actuarial valuation for the City of Lakeland Employees' Pension and Retirement System. The previous and new mortality assumptions are described below:

FRS Mortality Assumption Prior to July 1, 2024:

- Pre-Retirement Healthy
 - Females: The PUB-2010 Headcount Weighted General Below Median Female
 - Males: The PUB-2010 Headcount Weighted General Below Median Employees Male, set back one year
- Post-Retirement Healthy
 - Females: The PUB-2010 Headcount Weighted General Below Median Healthy Retiree Female
 - Males: The PUB-2010 Headcount Weighted General Below Median Healthy Retiree Male, set back one year

The above tables project mortality improvements to all future years after 2010 using gender-specific Scale MP-2018 on a fully generational basis.

FRS Mortality Assumption Effective July 1, 2024:

- Pre-Retirement Healthy
 - Females: The PUB-2010 Headcount Weighted General Employee Female
 - Males: The PUB-2010 Headcount Weighted General Employee Male, set back one year
- Post-Retirement Healthy
 - Females: The PUB-2010 Headcount Weighted General Healthy Retiree Female
 - Males: The PUB-2010 Headcount Weighted General Healthy Retiree Male, set back one year

The above tables project mortality improvements to all future years after 2010 using gender-specific Scale MP-2021 on a fully generational basis.

Per Jeff Amrose, Actuary, if all assumptions are adopted, contribution rates would decrease .01%. Ruffin mentioned, economic indicators are reflecting less Retirees are coming to Florida to which Jeff Amrose stated this will affect numbers over time. Last assumption of 6.75% rate of return, is reasonable. Average 130 plans they work with reflects 6.9%, so we are below average. FRS uses 6.75%.

Which, if any, of the assumptions would the Board want to adopt? Chris Diaz wanted to adopt term rates, as they were the most, out of current assumptions. No need to adopt 6.5% rate of return. Jeff Stearns was inclined to adopt first 4 listed.

**Jeff Stearns moved to adopt first 4 assumptions in Experience Study.
All approved.**

Actuary Report will be updated to include Experience Study recommendations and resent to City of Lakeland Employees' Pension Board.

After reviewing Actuary Report, DROP interest rate was reviewed

**Jeffrey Stearns motioned to maintain 3% DROP Interest Rate.
Motion passed.**

Annual Bonus to Retirees was reviewed, with City Stipend, which is paid to a smaller group of Retirees – those that retired prior to 2004 – when DROP was introduced. City pays every two years, or if Pension does not award Bonus to all Retirees that have been terminated from City at least 5 years. If Bonus is awarded, Stipend would be pushed out to 2027/2028 and contributions for active employees would increase. Per Robb Upthegrove and Barb Jordan – retirees and COLAR reps, look at what is best in long run, would rather have paid to more needy group.

**City of Lakeland Employees Pension and Retirement System
Potential One-Time Payment for Retirees Based on Cumulative Net Actuarial Gains**

1. Cumulative Net Actuarial Gain/(Loss) Since October 1, 2011	208,760,886
2. Maximum Amount of One-Time Payment to Retirees	104,380,443
3. Benefit Payments for 1,264 Retirees Who Have Been Receiving Benefits for at Least Five Years	42,885,456
4. Average One-Time Increase Due to Maximum One-Time Payment*	243.4% or 82,579
5. Potential Impact to FYE 2026 Required Contribution	\$24,061,000 or 23.12% of payroll (13.49% City / 9.64% Member)

Examples**	
\$250,000 One-Time Payment to Retirees 0.6% or \$198 per retiree	\$58,000 or 0.06% of payroll (0.04% City / 0.02% Member)
\$500,000 One-Time Payment to Retirees 1.2% or \$396 per retiree	\$115,000 or 0.11% of payroll (0.06% City / 0.05% Member)
\$750,000 One-Time Payment to Retirees 1.7% or \$593 per retiree	\$173,000 or 0.17% of payroll (0.10% City / 0.07% Member)
\$1,000,000 One-Time Payment to Retirees 2.3% or \$791 per retiree	\$231,000 or 0.22% of payroll (0.13% City / 0.09% Member)

The cumulative net actuarial gain/(loss) does not equal the amount shown in the October 1, 2012 through 2024 Actuarial Valuation Reports. This method recognizes the cumulative net actuarial gain/(loss) measured from October 1, 2011 but does not include the recognition of gains and losses before 2011.

* Actual amount would be based on each retiree's years of service

** Increase in required contribution would continue each year until the amortization period expires.

Prepared by Gabriel, Roeder, Smith & Company
February 24, 2025

Chris Diaz moved to recommend no Bonus be paid from Pension.

Per Chairman, this will let Commissioners know our thoughts and recommendations, but they will review as well.

Motion passed.

***Jeff Stearns moved to approve Actuary Report adding in first 4 assumptions in Experience Study, reducing contribution rates .01%.
All Approved.***

Investment Consultant

Tyler reviewed Executive Summary for 9-30-2024

Pension- Performance and Attribution

	FYTD	3 Year	5-year	10 Year
Total Plan (Net)	18.7%	4.6%	9.3%	8.3%
Benchmark	23.3%	6.4%	9.9%	8.7%
vs Benchmark	-4.6%	-1.8%	-0.6%	-0.4%
vs Peergroup (% Rank)	72 nd	42 nd	15 th	10 th

▪ Primary drivers of benchmark/peergroup relative performance

- **Private Equity:** Returned 21.8% vs Domestic Equity return of 13.3% over last 5 years
- **Private Fixed Income:** 9.2% vs Core Fixed Income return of 0.9% over last 5 years
- **Non-Core Real Estate:** 7.8% vs Core Real Estate return of 2.2% over last 5 years
- **Private Multi-Asset:** 1.5% vs Total Plan return of 9.3% over the last 5 years
- **Domestic Equity:** 13.3% vs index return of 15.3% over the last 5 years

Private Multi-Asset, a detractor, has been discontinued. Artemis sent a consent request, as Barings is purchasing. Cherie mentioned we used to have a Barings investment, and Tyler stated they have higher returns.

Performance Violations – Watch List

Quantitative Performance Criteria

8 of 9 “liquid” investment managers are within compliance based on quantitative performance and are not failing 5 or more performance-based criteria.

TS&W International Large Cap Equity has failed on 5 of the 7 performance-based criteria.

Action Items

Review TS&W International Large Cap Equity for replacement.

We will be reviewing TS&W at ICM on March 11th.

Kerry stated January Flash report reflected a good month up 1.94%. Allocation will be reviewed at ICM. Jeff S. inquired about JPM liquidation, and Kerry let everyone know sales are picking up and they are hoping to have update by mid-point of year.

DC Plan was \$169M in December and January reflects \$174M. AQR is on watchlist and will review at ICM.

Tyler reviewed Rate of Return, which will be filed with State on an annual basis. Rate of 6.75% is still reasonable.

Jeff Stearns moved to adopt 6.75% as Required Rate of Return. Motion Passed, all in favor.

Administrator

Cherie presented Retirements & Refunds report for January 2025.

***Ruffin Gray motioned to approve January 2025 Retirements and Refunds Report.
Motion passed unanimously.***

An Authorized Officer letter was provided adding Carla Bibby as a Co-Signer for pension related items.

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 AM, Tuesday, March 25, 2025, in the City Commission Conference Room, 3rd Floor, 228 South Massachusetts Avenue, Lakeland, Florida 33801.

ADJOURNMENT

Upon motion, the meeting adjourned at 10:22 AM.

Respectfully Submitted,

Approval Date: March 25, 2025

Signed: _____
Rick Lilyquist, Chairman

Signed: _____
Jeffrey Stearns, Vice Chairman

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

Chairman Christopher Diaz, CPPT
Ruffin Gray, CPPT
Jeffrey Stearns

**INVESTMENT COMMITTEE
MINUTES**

March 11, 2025
8:30 AM

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



CALL TO ORDER

Chris Diaz called the meeting to order at 8:30 AM

Committee Members: Chairman Chris Diaz, Ruffin Gray, Jeffrey Stearns

Staff: Cherie Watson, Carla Bibby - Retirement Services

Guests: Jeff Michel – Pension Trustee; Kerry Richardville, Tyler Grumbles - Mariner – Investment Consultant; Robb Upthegrove – COLAR; Brian Butler, David Anders – LE; Wendy Valentine – Employee

PRESENTATIONS

Investment Consultant

Kerry reviewed AQR in Deferred Comp plan fund line up; Defensive Focus; lower volatility; FMI is other strategy (we previously had FMI until 2021 and switched to AQR); AQR up 11%, FMI up 9%; good numbers over long term

	1 Year	Rank	2 Years	Rank	3 Years	Rank	4 Years	Rank	5 Years	Rank	6 Years	Rank	7 Years	Rank	8 Years	Rank	9 Years	Rank	10 Years	Rank
AQR Large Cap Defensive Style R6	14.01	88	11.71	97	2.51	96	7.41	95	8.54	96	11.69	96	9.91	90	11.38	87	11.49	85	11.00	71
FMI Large Cap Institutional	10.22	96	15.60	87	4.56	86	7.95	94	8.44	97	10.86	98	8.65	97	9.93	97	10.35	94	9.00	95
Russell 1000 Defensive TR USD	18.55	73	19.38	74	6.00	73	10.89	72	11.49	76	14.45	73	12.26	57	13.27	58	12.91	61	11.83	52
Russell 1000 TR USD	24.51	32	25.52	25	8.41	35	12.66	42	14.28	29	16.97	25	13.58	23	14.57	22	14.28	19	12.87	18

Upcapture truly depends on down markets, still like AQR for space, could do Large Cap offering, AQR gives broader market exposure. Through yesterday, selling off AQR for quarter is up 3.87% while Vanguard is down about 4.3%. Tyler stated when markets are down AQR will do better, providing options to review. Jeff S. inquired when compared to defensive index is there an index fund? Tyler will review, but found they are heavier in Tech and not doing as well as AQR. Recommendation is to keep AQR fund as long as Board wants to offer defensive option. Per Tyler, Employees have option to choose S&P 500 Index and Kerry stated when market goes down you have to double returns to get back where you were. Employees can meet with Advisor and choose a different option. Most new funds are invested into target dated funds and per Ruffin it appears as only 2% are invested in AQR.

Tyler reviewed Asset Allocation as Trustees mentioned adding to Infrastructure.

Broad Asset Class Allocation (%)				
	Current Mix	Mix 1	Mix 2	Mix 3
U.S. Aggregate Bonds	15.00	15.00	15.00	15.00
U.S. Large Cap	22.75	21.00	22.75	24.50
U.S. Mid Cap	6.50	6.00	6.50	7.00
U.S. Small Cap	3.25	3.00	3.25	3.50
EAFE Equity	10.00	10.00	10.00	8.00
Emerging Markets Equity	5.00	5.00	2.50	2.00
U.S. Core Real Estate	5.00	5.00	5.00	5.00
U.S. Value-Added Real Estate	5.00	5.00	5.00	5.00
Private Equity	15.00	15.00	15.00	15.00
Global Core Infrastructure	2.50	5.00	5.00	5.00
Direct Lending	10.00	10.00	10.00	10.00

Mix 1 – Taking funds from US Equities; Mix 2 – Taking funds from Emerging Markets; Mix 3 – taking funds from Developed and Emerging Markets. Kerry stated they prefer Mix 2, removing some international risk, and continue to use Brookfield, liquidate Wellington and RBC. Chris mentioned emerging markets are dragging return but infrastructure is consistent. Per Tyler they can update Investment Policy Statement (IPS) and bring back. Chris likes model of consistency with increases in Infrastructure.

**Jeff Stearns moved to update IPS to Mix #2.
All in favor.**

Investment Options for this Manager Evaluation Report

Principal has hired a private asset monitoring firm, Canoe. Not sure needed, but shadowing statements. Principal receives statements and reflects in custody account, on paper, Principal could produce statements, all assets under one umbrella.

Trustees requested Principal present at next meeting to review, prior to approval of Canoe having access to information, for overall understanding.

PUBLIC COMMENTS

Jeff Stearns motioned to adjourn meeting at 9:27 AM.

Respectfully Submitted,

Approval Date: March 25, 2025

Chris Diaz, Chairman