

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

BOARD AGENDA

Retirement Board Regular Meeting - Thursday, December 16, 2021 - 2:00 p.m.
City Hall - Second Floor Conference Room, 100 North U.S. #1, Fort Pierce, Florida

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **COMMENTS FROM THE PUBLIC** (limited to 4 minute duration)
4. **CONSIDERATION OF MINUTES**
5. **REPORT FROM BOARD ATTORNEY**
6. **PUBLIC HEARINGS ON BENEFIT APPLICATIONS**
 - a. Request for Retirement from Christine Paz with 16 years and 4 months with the City of Fort Pierce
 - b. Request to Defer Retirement from Mark Woodruff with 15 years of service with the City of Fort Pierce Police Department
7. **OLD BUSINESS**
8. **NEW BUSINESS**
9. **CONSENT AGENDA**
10. **CONSIDERATION OF ABSENCES**
11. **ADJOURNMENT**

In accordance with the Americans With Disabilities Act of 1990, persons needing a special accommodation to participate in this proceeding should contact the Recording Secretary of the Retirement and Benefit System at the Finance Department of the City of Fort Pierce no later than three business days prior to the proceeding. Telephone (772) 467-3000 for assistance.

Any person seeking to appeal any decision by the Retirement Board with respect to any matter considered at this meeting is advised that a record of proceedings is required in any such appeal and that such person may need to insure that a verbatim record of the proceedings is made including the testimony and evidence upon which the appeal is to be based.

Retirement Board

Meeting Date: 12/16/2021

Re:

Information

SUBJECT:

CONSIDERATION OF MINUTES

Attachments

November 18, 2021 Meeting

Form Review

Form Started By: Johnna Morris

Final Approval Date: 12/09/2021

Started On: 12/09/2021 05:05 PM

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System November 18, 2021, 2:00p.m., in the Commission Chambers at City Hall

Present:

Brian Avilla	Vice-Chairperson
Comm. Tom Perona	City Commission Member
Comm. Jeremiah Johnson	City Commission Member
Keith Stevens	U.A. General Member
Javier Cisneros	U.A. Board Appointed Member
Wendy Rydzewski	City of Fort Pierce General Member
Johnna Morris	Secretary/Treasurer

Guest by Conference Call:

Attorney Jim Walker	Attorney for the Retirement Board, Advisory
Weston Lewis	Callan Associates
Paola Juarez	Callan Associates

Members Absent:

Recording:

Teresa Miller	Executive Assistant to Director of Finance
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ITEM NO. 1 & 2~ ROLL CALL

Mr. Avilla called the meeting to order at 2.21pm, the first item on the agenda being the “Roll Call”

ITEM NO. 3 ~ COMMENTS FROM THE PUBLIC

Mr. Avilla said the next item on the agenda was comments from the public. Seeing no public, we moved on. There were no comments from the public.

ITEM NO. 4 ~ CONSIDERATION OF MINUTES

Mr. Avilla said the next item on the agenda was consideration of the minutes of July 15, 2021 & September 16, 2021. **A motion was made by Comm. Perona and seconded by Comm. Johnson to approve the summarized minutes of July**

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

15, 2021 & September 16, 2021. All those in favor of the motion signified by saying aye. A poll was done of each Board Member. There was no opposition and the motion carried unanimously.

ITEM NO. 5 ~ ATTORNEY'S REPORT

Mr. Walker said thank you, Mr. Chair. The chairman is aware typically, I will give a presentation in excess of 30 minutes that is very detailed. However, I looked at the agenda here and there are several hours that confronts the board. I felt I should I limit myself to a disclaimer that any suits have been filed against the system this month. I'm happy to take any questions.

Mr. Avilla asked does anyone have any questions?

Mrs. Morris responded no.

ITEM NO.6 ~ PUBLIC HEARING ON BENEFITS APPLICATIONS

Mr. Avilla stated the next item on the agenda was Public Hearing for request for Retirement from Queen Thompkins with 5 years and 10 months of service with the City of Fort Pierce. Seeing no public, we will close the public hearing. **Mr. Avilla asked do we have a motion? A motion was made by Javier Cisneros and seconded by Comm. Perona to approve request for retirement from Queen Thompkins.**

Mr. Avilla asked any discussion? No discussion. Call Roll please. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

Mr. Avilla opened the public hearing for the request for Retirement (DROP Program) from Scott Loven with 16 years and 4 months of service with the Fort Pierce Utilities Authority. Seeing no public, we will close the public hearing. **Mr. Avilla asked do we have a motion? A motion was made by Comm. Johnson and seconded by Keith Stevens to approve the request for Retirement (DROP Program) from Scott Loven. All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

Mr. Avilla opened the public hearing for request to defer Retirement from Brandon Creagan with 5 years of service with the City of Fort Pierce. Seeing no public, we will close the public hearing. **Mr. Avilla asked do we have a motion? A motion was made by Johnna Morris and seconded by Comm. Perona to approve request to defer Retirement from Brandon Creagan.**

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

ITEM NO. 7 ~ OLD BUSINESS

None.

ITEM NO. 8 ~ NEW BUSINESS

**REVIEW OF PERFORMANCE EVALUATION FROM CONSULTANT
– CALLAN ASSOCIATES**

Mr. Avilla said next on the agenda is new business. We will have a review of performance evaluation from consultant Callan Associates. We have Weston and Paola with us today.

Mr. Lewis said thank you all. It is a pleasure to be back with you all. I think it's been since March of 2020 when we met last year in person. There have been a couple of changes since then. As you heard last quarter, well actually you did not hear last quarter because it did not happen until recently. We did replace Cody with Paola. Cody has gone onto greener pastures. He has moved on to an investment management firm. That is really the main Callan update that affects you all. Paola and I, you know, go out and meet with clients. What we generally try to ask ourselves is, what are the key things that are facing you all? If we were sitting on your side of the table, what would we want our investment consultants to come in and tell us. This quarter, probably a lot of quarters is where there is not a lot going on that are truly worthy of rising to the level that we must take any sort of action. It is one of those quarters where you said you understand our managers keeping up with their progress and is our strategy still the right fit, Overall, we think that is the case. We like how your assets are allocated. We like how your managers are doing but that does not mean that we are not going to point out some flags as we see them. That is really the highest level from the macroeconomics standpoint. I am going to cover the executive summary. On page 1 of the executive summary, we will talk about the broader macroeconomic picture and what is going on in the different economies that ultimately funnels down into companies and earnings. And how much your portfolio's can grow. It was somewhat a quiet quarter for global and US GDP. GDP did slow down a bit in the third quarter. The growth did slowdown a lot, which had to do with the Delta variant really spooking consumers. Unemployment while still higher than what it was Pre-Covid is still at very low levels. The most recently reading a few Fridays ago was 4.6% is still low unemployment relative to history. The next subject that is the big elephant in the room is inflation. There are two topics that clients are asking about, one is China and the other is inflation. We will go ahead and address inflation and then later in the presentation, we do have some slide on China. It was a question asked last quarter, probably two years ago. What could this mean for us? We do have some thoughts on that as it relates to inflation, and you have probably heard it on the

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

news or read about it. There are really two schools of thought right now, is this transitory or is it going to be persistent. The most recent reading on inflation for October came in at 6.2% for the last 12 months. That is the highest reading we have had on inflation over the last 30 years. The question is, is this going to be just rising from pre or post COVID lows and or is this going to be something that will continue. In that transitory state you had the issue of it being limited to a couple of items. When you think of energy, where we were for a period, and you know, the depths of COVID the price of oil was negative, people were paying you to take oil. Now oil prices have spiked, so that is naturally going to be, you know, an inflationary event relative to where we were last year. Prior to the October reading, people would look and say well, it is transitory, it's only limited to a couple of items within the CPI which is a fair point. Then we received the October readings, and then the inflation numbers were a little bit broader based. It was not just coming from oil. It was not just coming from food. It was coming from a few more areas, that basket of goods that they measure. That would suggest that maybe there is more of a risk, more persistent than what we have thought. So, what does this mean to you all? I think this is probably the biggest question, how we are translating that. I think, as it relates to your benefits policy, which is not something we typically dive into. I do not think there is any sort of cola that really, unless, you know, I think sort of metrics are met by your return. Sometimes that is a risk for a pension plan. Could this higher inflation ultimately funnel down into what we owe? That part, I am not sure, it is out of my purview to speak on that right now. As it relates to your investments you do have some good, longer term and inflation vehicles, namely equities and real estate are two things that over the long term tend to respond well to inflation. When you factor in both those allocations, you all have considerable, call it inflation mitigation. I do not want to call it protection, but you do have some inflation mitigators in there. As it relates to how that translates into market performance, we will look on page 2 and just point out a couple observation on all this macroeconomic backdrop. What did it mean for the markets over the quarter? As you look at 1st quarter results for US equity, last quarter was somewhat lackluster, call it flat. As you look at the S&P 500 which are large cap stocks based in the US up 6%. When you look at the small cap stocks, those were down 4.4%. As you look at the one-year returns, those still very eye popping, given that one of those four quarters was flat negative. You are still registering almost 50% returns for large and small cap respectively. Going down to outside the US, you look at the global ex US equity, this first world MSCI World ex USA, these are developed markets. As you look at the developed markets it is very similar to what you saw inside of the US and flat. There was a little bit of currency translation to where the dollar appreciated relative to a basket of other currencies. Some of that translated into negative returns but also to very good returns on an absolute basis over the last year. Emerging markets this is where China comes in. China was the big laggard for the quarter and for the year for emerging markets. It makes up a considerable weight of the emerging markets index. I want to say 34%, it did its job reducing the return for broad emerging

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

markets index, down 8% for the quarter, but still showing a positive 18% return for the year. This Bloomberg aggregate index, these are your bonds, these are not a good inflation protection vehicle. They are for a different purpose. This is to protect against deflation, which is probably your biggest risk on a short-term basis.

Mr. Lewis said Callan College is a day and half course and we do it in different parts around the country. One day I am going to get it brought to Florida. I do not know when that day will be. We will have to check on the dates, but it is a day and a half, and it is basically a fiduciary education course. We talk about the role of fiduciary investment policy statement; we talk about performance concepts about asset allocation concepts and really try to give newer trustees or investment committees a groundwork since you are now on this committee. Here are the things that we think are the most important on the investment side. It is built to be a crash course for fiduciaries and particularly, newer fiduciaries.

Ms. Juarez said you have the opportunity because it is for multiple planned sponsors, you will have the opportunity to connect with them, to see what they are doing.

Mr. Cisneros said please consider Fort Pierce if you bring it to Florida.

Mr. Stephens asked do you go to Atlanta?

Mr. Lewis answered we do; we have one in Atlanta, and we are going to try to bring it to Atlanta probably in the first half of 2022.

Ms. Juarez said they are also being offered online right now. We will get you all the schedule.

Mr. Stephens asked is the National Callan Client Conference, I am sure it is not in California every year?

Mr. Lewis answered it is in California. It was not last year, we had to move it to Salt Lake. We are going to pull it back to San Francisco this year. Our National Callan Client Conference is for as many Callan clients that can come. We will host it typically the end of January, early February. This year it is in April. We will have a lot of good speakers. We try to talk about workshops that have some key themes among different sponsor types. We will have some that are focused on defined benefit and some that are focused on defined contribution relating some more investment concepts and so that is usually a day and a half as well. We will bring everyone in on a Monday night and then it will go until Wednesday.

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

Mr. Avilla asked anything else from anyone? No, I guess we will move on. Thank you guys we appreciate that. We will talk about the report for the money manager Heitman.

Mr. Avilla asked Heitman are you there?

Ms. Westbrook answered I am on the line, Hi. Blaise are you on?

Mr. Keane responded, I am.

Ms. Westbrook said fantastic. Great. Thank you very much, appreciate the opportunity to present an update on your investment in Heitman American Real Estate Trust. I am Anne Westbrook. I am a member of the client service and marketing team and I cover the southeast which of course include you guys. So sorry that we cannot be visiting with you person today but excited to do it by phone. As you heard I am joined by my colleague Blaise Keane whom many of you know as the Senior Portfolio Manager for HART. I am going to give a very brief update on the firm and then I am going to turn it over to Blaise to talk about the fund. We would welcome any questions or comments along the way. Feel free to make this as interactive as you like. Unless there are any questions before we get started, we can begin on slide number 8. So just a quick background, Heitman is a 55-year-old firm. We are currently at around 47.4 billion in assets under management. You will note to the right on page 8 that the vast majority of that is in private equity and within that the vast majority is concentrated in our HART Portfolio. We do also manage private debt both in Core Plus and value Value-Add categories, just under \$5 billion dollars in the public equity space as well. One thing that distinguishes us from some of our competitors is 37 partners own 100% of the firm. There are no outsider owners of Heitman. We are very fortunate to own and control the firm. Currently just under 50 employees and we are a global firm with 10 offices around the world. Five nine is just a quick snapshot of the spectrum of investment opportunities that we have available. You will see in the lower left-hand corner is where HART resides in our core fund which has a lower risk profile then some of our other high yielding strategies up the curve. On the right-hand side, we manage a variety of public strategies, and we also manage a large portfolio of separately managed accounts for various clients. For a very high-level overview I will flip it over to Blaise and he can get started.

Mr. Keane said Great. Thank you and good to be with you by phone. Sorry we cannot be there in person, but I am sure we will be back hopefully soon. Page 11 starts us in on a quick look at the current state of the fund. It is in terms of size just under 13 billion gross asset value and just under 10 billion net asset value and we are sitting where we have consistently been from a loan to value standpoint right in the mid 20's at 24%. Those colored boxes you see across there. That page is just indicating some of the good statistics of what is going on from a fundamental

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

standpoint, across the different sectors. Maybe there might be some terms of art here. That first box that 9.8% number it says apartment lease trade outs that would be the rents that we are signing new leases at versus the rent levels of the expiring leases. That dynamic of a significant lift in rental levels is happening both in all three in the apartment sector, the industrial sector, and the self-storage sector. Three sectors that make up 63% or so of the portfolio. Really good things are happening in those sectors. In the office and retail sectors, a little more somber dynamics in terms of fundamentals but not bad. But somber on a relative basis only to what is happening in those really strong sectors. We are signing new leases in the office space and extending those leases. Sales and foot traffic for the retail properties is now above the levels that we saw in 2019. We are kind of skipping the comparison to 2020 because of the impact of the pandemic obviously. But good things happening across the portfolio. Arguably some really amazing things happening in a couple of these sectors. I believe performance for the fund remains good. That chart at the bottom is just simply marching through the higher level of leasing for our fund versus the broader peer group that we compare against the Odyssey index with 96%. That index is at 93% in terms of where they are at, so that leads to some good things like the very favorable income return that this fund provides. Page 12 looks at our performance summary over several time periods focusing first on the far-left part of the page. Page 12 looks at performance summary over several time periods focusing first on the far-left part of the page, the most recent quarter and then the trailing 12 months. They are showing some very favorable results relative to the peer group in the case of the one-year number outpacing by, let us call it 200 basis points relative to the field performance driven in large part by the allocation to those sectors I mentioned on that earlier page, industrial apartments, and self-storage. The middle part of that performance summary evidence is some of the retail revaluation experience that we had in 2018 and 2019. That is behind us and that is the effect or impact on those numbers relative to the peer group. All the way out to the right part of the page, I pointed to the tenure numbers and bring everybody back down to earth in terms of maybe what a more appropriate long term return profile might look like for this fund. Obviously the one-year number that we posted at 16.5% is not really a long-term sustainable number but would hope to look to provide returns in the upper single digits over very long periods of time. The next two pages kind of go hand in hand. Page 13 is a simpler summary of things. Page 14 gives a lot more detail on the primary point which is that this fund produces a very favorable unlevered cash flow return, which then essentially turns into our dividend yield on a comparative basis to the peer group. Here again, the same type of bar chart that I showed you for leasing a little but earlier is showing that very consistent pattern of producing about 75 basis points annually of additional unlevered cash return. You might ask why are we able to do that? The answer is by virtue of our portfolio construction. We are using far less investment in commercial office relative to the peer group that is a property type that requires a lot of capital reinvestment. We have a significant dedicated allocation to self-storage at currently 21% which is a property

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

type that requires very little if any capital expenditures when tenants turnover. That benefit is enduring to the investors in the fund. If we look at page 14 on the right side, what we are tracking is the one-, three-, and five-year averages for how much more unlevered net cash flow return this fund is providing relative to the peer. So, think about that in the context of a 4% plus or minus dividend yield environment. This fund is producing 75 basis points are almost 20% more sustainable, repeatable unlevered net cash flow return. Page 15 gives you a look, we have talked a little bit about this allocation. Here it is in visual form, the blue charts indicating the allocation that we currently have for the different sectors noted at the bottom of that chart. A couple of things I would point out here, they crossed hashed portions of these bar charts, so the 2% allocation in apartment is our allocation for student housing. The 6% part of the office bar for us is an allocation to medical office investments. Finally, the soft storage sector, on the far right. If we aggregate all of those together those being our alternative sector investments as the pie chart indicates that is almost 30% of our fund. As we look at why we have been able to outperform over the last several quarters, it is in large part due to that allocation and the current positioning of the fund that has enabled us to do that and that is a dynamic that we would expect to continue as we look forward. Page 16 gives a few more insights into the benefits of the current portfolio construction for us versus that peer group. On the far left those alternative sectors I just talked about at 29% compared to a much lower number of 6% for the peer reps and we like our positions there. In the middle of the page, we are looking at each of the property sectors and reflecting the beta scores that we see from the public markets for those different sectors and drawing the conclusion that the portfolio that we have assembled have lower beta scores in general and thus arguably less risk and volatility than the peer group. Finally, on the right, a lot of discussion on the US economy these days about the impact of inflation. And second typically, real estate is a great place to be at times during inflationary times. We go further to say that we agree with that. We also think our fund is particularly well positioned in that we have more investments in shorter term lease cycle sectors. That is allowing us to benefit from inflationary dynamic as they are affecting rents today. We are getting higher rents more quickly by virtue of being able to roll this portfolio up because of the allocation to the short-term lease sectors compared to the peer group. Every year for the last six years we have subjected this fund to an evaluation by a group that we use, and they rank over 400 real estate funds. They just produce the results for 2021 about two or three weeks ago. This chart on page 17 is reflecting the updated survey results and the green line in that chart on the upper right is tracking our funds. History for the six years that we have been participating in the survey. You can see a little separation between what our fund has been ranked relative to the peer group and the other two lines here. The yellow line being the peer average of other open-ended funds. The red line is all of the funds evaluated by grasps showing good leadership here and improved scores. The question really is then how does this matter? What is this telling us or where is this taking us? We would argue that the way in which we

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

have incorporated an assessment of the impact of ESG matters into our fund is improving the investor's experience and should provide favorable returns and a lesser risk as we move forward. Page 18 highlights a little bit of this. We are looking at climate risk and we are now doing this as part of our investment process. Whenever we consider investing in a new property, we are subjecting that property to an analysis by a third-party group that helps us evaluate the potential impact that property could have on our overall portfolio in terms of climate risk. It is allowing us to select assets that do not negatively impact the portfolio from a climate risk standpoint, which would suggest provides for a better risk reward dynamic over the long term in terms of looking at that potential body of climate risks. Page 19 looks at a couple of aspects of the capital picture for the fund. On the top of the page this is tracking the new investor commitments to the fund in the blue bars for every quarter over the last three or four years. The green bars are the amount of capital that is called in from that queue. We are reasonably current in calling of new investor commitment. We have just under \$300 million of commitments that have been made to the fund that are yet to be called in. At the bottom of the page, look at the investor redemption request picture for the fund you see, the blue bars are new requests for redemption by investors while the gold bars are evidencing the amount of capital that we have allocated to pay those redemptions. We have a little bit of a buildup there at the moment but the plan for the fund allows us to anticipate redeeming all of those investors by the end of 2022. The gold bars as you can see anticipated to the right of the dashed line for January. We anticipate picking up the pace of payments there. As we become more active with the disposition of a couple of assets that are coming to completion by year end. Finally, page 20 is just a quick summary of some of what we have talked about. We see the fund poised well for the periods that lies ahead we have been outperforming. We think some of that same positioning of the portfolio and observation of the fundamental dynamics for the different sectors, where we think our portfolio will go over the next few quarters would suggest to you that we are confident about the prospect of outperforming as we move forward. The dynamics which we know are important to many investors in the form of favorable income return and a dividend yield advantage will remain. I will pause and see if there are any questions about your investment in the fund.

Mr. Avilla asked does anyone have any questions?

Mr. Avilla said no questions Blaise.

Mr. Keane said okay great. Thank you so much for your support as long term investor in the fund and we very much appreciate it, thanks for your time today.

Mr. Avilla said Thank you Blaise and Ann. Next, we will move on to the report from Emerald Advisors.

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

Ms. Juarez said I think Emerald dialed in. Mark is that you?

Mr. Schlegal said yes hello this is Emerald.

Mr. Avilla said alright Mark the floor is yours.

Mr. Schlegal said fantastic. We will move forward. I am Mark Schlegel, head of our client service and business development and on the phone with me today is Stacey Sears. She is one of the three portfolio managers on the small cap growth strategy that we manage for you all. A little background, she has been here 28 years of our 29 or 30 years of Emerald's existence, and she has been a portfolio manager for 20 of those years on this small cap growth product. We are glad to be here. Thank you for your time and thank you for being a long-time client since 2004. Going on our 17th or 18th year, so we appreciate that. Before we jump in, I just want to mention that there was some confusion on our part with the presentation. So, I apologize for that. The one that you have on the agenda is different than our quarterly review. So, we will talk about the information, and we might reference a page number by accident, but we will talk about what is on the page, so you do not need the presentation in front of you. We will talk about what happened in the quarter and I just wanted to let you know and apologize for that. We will keep about 15 minutes and then open it up for questions and fire away. First from an organizational standpoint we can be quick there, no changes. No personal changes. Major asset changes were about 6 billion assets under management at the end of Q3 jumping into performance so I will talk about a couple of numbers here and reference them. I am going to turn it over to Stacey and she will begin to talk about what was driving that performance both in the quarter and then in general from an overall standpoint. Specifically with some sectors and some names within the portfolio. As I know you like to chat about some of the names that are there. So, a couple of things first off for the quarter. If we talk about Q3 from a small cap growth standpoint they want the stock cap growth index, the Russell 2000 growth index was down 5.65%. Your portfolio is down only 1.5%. We do pride ourselves in performing both up and down markets. This is one of those cases where we did protect on the downside by about 4%, 400 basis points. As I said Stacey will talk about what was driving that performance. If we talk about year to date through yesterday, the small cap growth has rebounded, and we have as well. Your portfolio is up 12.25% versus the benchmark 11.05%, about 120 basis points or 1.2% above the benchmark. You pay us for a return relative to the benchmark and also obviously important, above your actuarial assumed rate. Long term since inception of the portfolio and our client relationship with you all the portfolio is up 12% versus the benchmark 10%. That is in an annualized basis. Over the last 17 years, we have given you an annualized 2% above the benchmark and even including fees that is above the benchmark that you pay us for, I wanted to mention that. Let us talk about performance to kind of set the stage, what happened with the quarter but also with the year not being strong on a relative basis as well as on an absolute basis, given we have limited time. I am going to turn it over to Stacey and she can dig into what was driving that performance.

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

Ms. Sears said great. Thank you, Mark and thank you all for the privilege of managing money for the city of Fort Pierce. We very much appreciate the opportunity to be here today. From a portfolio specific perspective just kind of setting the backdrop. I think you are well aware of the economic backdrop domestically; we have obviously been in a very robust recovery over the better part of the last year. From a style perspective that has had a pretty profound influence on the style performance within the Russell 200 benchmark, particularly with the Russell 2000 value having outpaced the Russell 2000 growth on a year-to-date basis by about 2000 basis points. Why that is relevant from our perspective is that I think a lot of times when we think about style performance, we think that style performance is really confined to the specific style---. What has been a headwind from a factor perspective to Emerald's performance, we are ahead on a year-to-date basis as Mark mentioned, Growth has been so underappreciated in this market, the market has really leaned into value and has had an impact to how the fastest growing companies inside of the benchmark are performing. As you are well aware having been a client for some time, Emerald is at its best when the fastest growing companies inside of the benchmark are outperforming the index and what a year-to-date basis. We have seen quite the opposite of that. If you break down the sales performance by quintiles just quickly and I apologize for not having the slide available for you for this because it would provide much more clarity. On a year-to-year basis the fastest growing companies are down about 2.4% through the end of September, on an absolute return and have underperformed the benchmark by about 500 basis points. Now the fastest growing companies is as this is measured by sales growth is really that rolling one year rate of change in sales growth and if you look at where Emerald's portfolio fall now from the characteristics standpoint, we have really been squarely in the top quintile over the last 18 months. So just structurally, a headwind to performance given the return in that category was again negative 2.5%. If you look at those slower growing cohorts, if you are looking at kind of quintile four, quintile three and thinking about the negative 2.05% for the top quintile, those bottom quintile are up about 9 and 10% respectively and outperforming the index by 6 to 800 basis points. Again, just structurally as you are thinking about that value influence in the market, it has permeated the Russell 2000 growth as well. Just structurally as you think about where we fit, and how we have always stayed very true to both of our small cap and growth style, when we are in markets where you see this type of variation in performance with value outperforming so significantly, it is a headwind. It is a headwind to style. I just wanted to make sure we pointed that out. Obviously, performance as Mark indicated has improved sequentially as we move through the year the headwinds remote executing Q1 performance improves sequentially into Q2 and then it proved again in getting Q3. Part of the driver of that is that you are starting to see some of that style influence narrow, and we believe that has been a tailwind of performance in Q3. We are optimistic and we can talk a little bit about that later why we think that will be true as we move into 2022. From a portfolio specific perspective, as Mark indicated, we did have a nice quarter relative outperformance. Our performance was driven by a combination of stock selection and allocation at the sector level how that translated. We did see a nice outperformance within the healthcare sector. This is notable, healthcare has been an area of particular headwind to us on a year-to-date basis, particularly the

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

biotechnology industry, which has substantially lagged the index performance overall. There is a lot of factors I think that are influencing the headwinds to performance in that area. One there has been an increased level of uncertainty within the FDA. We have been lacking an FDA head under this new administration. Where the FDA has been fairly transparent with clinical trials, in a lot of these early-stage companies, I think what has happened is we have gotten less transparency, we have had greater staff turnover. We have seen more complete response letters, extending of producers and things that have been really out of character from the agency perspective over the last couple of years. Which I think it is dramatically changed the risk reward profile inside of the industry. On top of that, healthcare, and biotech in particular has really been catalyzed by M&A over the better part of the last couple of years. I think what is anomalous about the cycle, is that we see a very strong M&A cycle on a year-to-date basis. We are on a record setting pace, and that has largely happened outside of the industry. I think from a macro perspective that has been influencing or has been a headwind to performance in biotech. We are still favorable there long term, we have had an underweight position. I think we should have probably been more underweight than what we are on a year-to-date basis. In any case, performance presented positively, I think that is encouraging. We also had a nice positive contribution within the financial area of the portfolio. We talked about the M&A activity, and we have a couple of boutique M&A shops that we own inside of the portfolio, Moelis and Houlihan Lokey. The independent boutiques have really been taking a lot of share in this cycle and we have seen meaningful upward revisions. We have seen M&A, kind of restructuring, and activity accelerate. That has been a nice contributor not only a quarterly basis but also for the year. The other aspect contributing to the outperformance in financials, we did see a nice uptick in the contribution from the bank industry. We have been overweight with banks. The fact that we started to see again a positive inflection in yields and in the yield, curve has been, a key factor in driving some inflection there. The other positive aspects are I think we are going to see more of a move for recovery and loan growth and that is really starting to flow through as well. The combination of solid credit and an improvement in yield, we think, is going to drive a nice tail to earnings improvement inside of the banking industry, again a nice area of positive contribution. In the industrial sector, similarly, I like positive areas of contribution, I think this one is interesting. It is a combination of what I would consider to be maybe traditional industrial, when you think on the machinery side, as well as more nontraditional in the professional business services and outsource HR Area. We can talk a little bit about that, two notable contributors, their Chart Industries & TriNet Group. We can walk through a little bit of that later. Lastly, the other notable contributor at the sector level with the technology sector, I think you have heard us talk over the years, we have been overweight to the software component of technology for probably the better part of the last three years. A composition of that is cyber security, which continues to be an area of emphasis as you are well aware of the threat. The threats there continues to grow, we are not seeing any abatement. We continue to see elevated levels of investment as enterprises look to shore up their infrastructure against these threats. I think the one thing that we always talked about in small caps is being the center of innovation, that security is being built out at the enterprise level. You want the best provider of a vulnerable

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

management solution and rapid seven. You want the best of breed provider of a data solution with a bonus. For example, we have been capitalizing on that growth of Industry and Market Share gains. The other aspect that I would say is notable is as we come through COVID is to have a digital strategy inside of your business. We are seeing a massive acceleration in digital transformation plot and projects inside of the enterprise. I think that is manifesting itself across a lot of industries from a consumer perspective. We have seen that buying online, picking up in the store and picking up curbside right in the digital initiatives with your app and all the convenience that the app provides as a consumer. It extends beyond just the immediate consumer companies and think about how you are accessing financial services and how online banking has grown in penetration and how you are thinking about, how you are buying insurance. You know how that is growing in financial services, payment, and more digital payment technologies, even in healthcare. How reliant we have become being able to access healthcare services via digital interfaces leading to tremendous growth in this digital repositioning inside of the enterprise. One of the top contributors to return this quarter was a company by the name of Perficient and they are a leader in IT services and in particular that digital consulting area. They were the largest contributors. They were only modestly offset by relative underperformance within the consumer staples sector. I am not using modestly lightly; it really was about 15 to 20 basis points of underperformance. The consumer staples sector, into this quarter has been a nice annual positive contributor to return. We have some really strong secular growth companies within our consumer staples lineup. I know Joe Garner likely has talked to you all in the past about Fresh Pet and the strong growth that we have seen out of that business. The biggest issue this quarter inside of the consumer staples area was the performance of food products, particularly the entire industry was under pressure as inflationary pressures have grown there is a lot of consternation in the market of the ability of these companies to pass through these kind of incremental costs through pricing to the consumer. So, the area in general has been challenged on top of that. Fresh Pet which has been a long-term contributor did run into their own executional issues this quarter, largely COVID related. Just getting access to products, getting the right to labor in the manufacturing facilities that really impacted their ability to adequately supply, the supply chains. We do not think it is a demand issue. It is absolutely a supply issue. We have been tracking the supply growth inside of the supply chain by retailers. Over the last couple of weeks, we are starting to see that it has improved, but it did have an impact to both cost and sales growth during the course of the quarter. Which was a slight relative headwind to performance. At a high level that was really what drove the relative outperformance of the portfolio during the course of the quarter. A couple of other things to know just from a portfolio perspective on the characteristics, just from a total growth standpoint, we talked about not deviating from style even though we have been inside of a more value marketplace. I think you can see that play out in the characteristics. We talked about the sales growth, but you can also see that in our own on a 3-to-5-year projected basis. We are tracking up to north of 300 basis points above the benchmark with total growth protection of about 24.8% versus the benchmark of 21 of 21.6, and again, has stayed very true to style on a median market cap and weighted average market cap basis. I will pause

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

there to see if anybody has any questions about any of the portfolio contributors and detractors before we move to market outlook. I just want to make sure that we stay on track from a time perspective.

Mr. Avilla asked does anyone have questions? Go ahead Stacey.

Ms. Sears said great. From a market outlook standpoint, as we sit here today, I think a couple of factors were broadly positive about the economic backdrop. I think that there are several factors that are really going to drive what we think is going to be above trend economic growth into 2022. Inventory to sales ratios, historic lows both at retail and at the business level. All you have to do is drive past an auto lot. I think that is a perfect example. Most of them look like they are going out of business. That is not because of demand. They are selling the cars as quickly as they can get them in. It really has everything to do with supply. I think that is what has been so notable about this cycle is that the demand pool is so strong. That is really what is playing into the extension of the supply constraints. This whole rebuilding of inventory we believe is going to be a nice catalyst to GDP growth as we move into 2022. Similarly, on the consumer backdrop I think obviously the transfer payments have helped right size the consumer balance sheet probably in the best shape that we have been in multiple decades. I think what is more encouraging about that is that we are seeing nice wage inflation in the marketplace and these wages and salaries historically has grown. You can see a tie to consumer spending. The charts inside of the presentation almost map each other exactly which I think is encouraging the employment backdrop which is equally favorable. What we have been hearing anecdotally is as we have gotten into October and November, that we are seeing employment step up meaningfully at or services companies. So, where there were notable challenges through the third quarter, we are seeing an applications step up and I think that is a very encouraging sign from an economic backdrop. The only other thing that I would add how that manifests for us, we certainly expect a leg up in business investments as well. I think that one thing that this supply chain issues are really brought to the forefront is where those weaknesses are and universally, we are seeing companies invest in supply chain resources, rejiggering manufacturing, reshoring & onshoring manufacturing new distribution and continuing to invest in that IT infrastructure to drive productivity gains. How that manifest from a portfolio perspective is where we sit and why we are so optimistic about small cap in particular as we move into 2022. The earnings were small has lagged over the better part of the last decade from a total return standpoint, this has really been driven by the fact that we have been lagging on aggregate earnings growth. That flip flop to this year's small caps, the recovery to 2019 has been much stronger than any other size category for the full year. We are now sitting at about 47 to 48% growth for the small caps over their 2019 base. That compares to mid and large that are about 35 and 25% respectively. The recovery there has been much more dynamic, and I think what is most encouraging about that recovery is that it looks like the small cap rate of earnings growth changed. The differential is going to carry into 2022. We are sitting here today looking at 18% earnings growth for 2022, for small cap, this is tracking at about 9.5 and large cap at about 9.3. We think that provides a nice tailwind relative valuation as a result

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

of that it is still very favorable when we are looking at relative valuation of the R2 to the R1. The other thing that I would add just from a style perspective, there is no doubt that the big catalyst behind the rebound in value stocks this year have been the recovery in earnings. They have substantially outpaced growth when you are looking at 21 to 19 base. It is about 1000 basis points faster of a growth rate as we get into 2022 that flips back into growth favor. We are looking at growth outpacing value. Growing about 20% in 2022 to value 17.6., so I think as we sit here today, our argument is not necessarily that we are reentering a growth cycle, but that the style influence should start to abate, and we should see more idiosyncratic behavior out of small as we move into 2022. This should remove some of that factor performance from a relative performance and absolute performance perspective. So, I will pause here for any questions, I know I am at the 20-minute mark.

Mr. Avilla asked does anyone have any questions? No questions ma'am.

Ms. Sears asked is there anything else?

Mr. Schlegal said thank you very much for your time. We appreciate it and thank you again for the long-term relationship.

Mr. Avilla said alright, thank you Stacey and Mark, we appreciate it.

Ms. Sears said thank you, everybody.

Mr. Avilla said next we will move on to money manager Ceredex. Ceredex are you on?

Mr. Loncar said yes sir. Good afternoon. How are you today?

Mr. Avilla said thank you sir.

Mr. Loncar said wonderful. My name is Steve Loncar. I have presented the board numerous times. Sorry that we cannot do this in person. Here with me is Brett Barner, the small cap value Portfolio Manager. We will try to keep our comments brief as we are late in the day. Let me start a couple housekeeping items before I turn it over to Brett so he can talk about the portfolio. Page 3 is a little bit about Ceredex, still based in Orlando. The total AUM for the firm is 9.4 billion, with about 1.7 billion small cap that is broken down between mutual funds and separate accounts. A wholly owned subsidiary or affiliate of Virtus Investment Partners. That has not changed. Page 3 discusses some of the particular strategies that we manage here at Ceredex in Orlando. Obviously, we are here to talk about small cap value managed by Brett Barner, which gives you a bit of information or data on that page 3. Page 4 is regarding our parent Virtus. We continue to enjoy all those shared services functions that they provide for us. Those are all in the non-investment related tasks that we have talked about in the past. Meaning compliance, IT Real Estate, Sales and Marketing Distribution, etc. Those have all remained in place and

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

we continue to enjoy them. What I want to kind of focus on briefly is page 5 at the investment team, just to give you an update there. We sent out some communications regarding a promotion of one of our analysts Jennifer Graff to a portfolio manager status. She will be working closely with Mills Riddick on all large cap value strategies. Her duties that were within industrial materials will now be fully offloaded to Casey Johnson and David Maynard; they will have lead coverage of industrial materials. They were working with her closely on the sectors previously. That will not impact Brett in terms of his efforts on small cap and managing your assets as well. Page 6 through page 12 is talking about the investment processes philosophy. Those have not changed, and we do not expect them to change. Unless you want me to go through that let us save that for future reference if needed. Page 12 is your investment portfolio as of September 30th. Assets are 7.36 million, cash is below the 5% level that we state we like to have a fully invested mandate and cash is at 2.2%. Pages 13 and 14 adjust your cash flow statements from a quarterly and annual perspective just showing cash flows from a contribution withdrawal perspective and then the requisite interest dividends, realized and unrealized gains and losses for the quarter and for the trailing 12-month period that you see here. It has certainly been an interesting time here for small caps. We heard our colleague talk about growth. What we will do for the remaining time is talk about small cap and what happened in the quarter and give you a trailing 12-month view of the period. Tell you about a couple of stocks that have worked and did not work. Certainly, as we go through this, I will pause to see if you have any questions for me. Then what I will do is turn it over to Brett. So, with that, let me see if there are any questions that I can answer.

Mr. Avilla asked any questions? No questions, go ahead sir.

Mr. Loncar said what I will do now is I will turn it over to Brett, the PM of the strategy in your portfolio and talk about what is going on with small cap.

Mr. Barner said thank you, Steve and thank you all for your time. Basically, with the small cap value portfolio the absolute numbers were great. The underlying market was even stronger and more robust if you look back the last 12 months. Our portfolio returned 51% in the index for the 2000 value is 63% not by any means if anything a typical year. The biggest reason that we lagged in the index was really what happened in the marketplace since November 9, 2020, when the Pfizer vaccine announcement was put out there. At that point many of the small cap value names that their survivability if the pandemic persisted, was unlikely, had dramatic returns of hey this company is not going out of business, now it is going to survive. You also saw massive flows of money into the small cap space. Everyday been touting small cap stocks have been lagging in 2020. You know we are cheaper than the margin nerd and the pharaohs were roughly six to seven times normal, and they lasted for about a six- or seven-month period. Most of that money came in via indexation. It disproportionately benefits the small-to-small companies. Those companies that may or may not have earnings with right now like for example, the Russell 2000 index, over the 40% of the index is companies that do not have any earnings. You may recall our style is to buy small cap value names or dividends that are

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

undervalued that have catalysts events over the next 18 to 36 months, that will translate into a much higher share price. We are buying companies that are cashflow positive and are earning money through all this, so if we were at any fault during the last 12 months, that would be the initial reaction of having a vaccine that worked so efficiently in such a quick time window. We were not aggressive enough at that point. But in our opinion, we were more prudent with that selection in there and to magnify how diverse that is, if you look at the small cap value index using beta for the last 12 months, the top 20% beta names returned 96% and the bottom 20% beta names returned to 32%. You know it is not normal to there to be a 60% performance difference between your high and your low data stocks. The same thing is like using like for quality and earnings return on equity, the lowest return on equity, 20% of the stock out there, returned 91% over that 12 month. The highest return on equity cash earning companies returned 60%. It was a market that did not particularly favor is in the aspect that it was a lot of survivability companies such as energy companies, consumer discretionary, travel and leisure stock in there. That is where a firm's really benefited this matter of the small names more than the larger names and the lower quality names and then without the flow of money in, I think that John Q Public retail investor got bored because there were no sports to bet on and Vegas was close. They started playing the online investing game and the mean stocks, which are mostly in the Russell 2000 value index took over so games like GameStop, AMC Entertainment and more recently Avis Rent A Car, some of those names were up multiple thousands of percent and skewing some of the index returns. There is not an economic investment case to be made for those, it is more momentum speculation trading. We are not involved in those names, but they are part of the index. The index was getting the positive benefit from some of those names. A little bit of lag growth of the index. A good thing though the last six months, the market has seemed to settle down. Flows into the small cap arena has stabilized. People are starting to look at fundamental evaluations again. Cash flow earnings, dividends and things are starting to matter again. If you look at the most recent quarter, we were up 89 basis points and the Russell 2000 was down 2.98%. That is almost a 4% differential and then updating through this morning our quarter to date this quarter has been a very robust period. We are up 9.25% and the Russell 2000 value index is up 7.8%. We like that the market is starting to look at fundamentals again and some of the speculative fervor and lack of concern for earnings or cash flow is starting to get diminished. It is a little bit reminiscent of back which you actually have been a client with us that long back in 1999, 2000 internet tech telecom bubble where we lagged and were in the bottom 5% of managers at the end of 1999 and then going into 2000 the next six- or seven-years small cap value was the star love child, and our performance was top quartile for much of that time period. So, some of history will repeat itself like that. But our opinion is ultimately cash flow earnings and dividends will matter. The current outlook for the portfolio is in your presentation, turn to page 16 sort of a summary of our current positioning and biggest rating is in the financial space. Some of our favorite names are things like the broker dealers like Evercore, Jefferies and Lazard that we see continuation of the merger and acquisition activity. Virtually every company we talked to is looking to make your company more efficient by divesting areas that they don't have core competence reason making additional investments in new areas.

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

And we think that trend will continue especially in the low interest rate environment. We also like some consumer names like student loan marketing where you are seeing loan activity that are very high and in good demand and inexpensive evaluation. Consumer staples, we have started adding more, they are so out of favor right now. No one wants your basic food type stocks; we are seeing that they are getting pricing with the inflation that's hitting the market and they look very attractive. Industrials, we see selective names there that look very attractive. Areas that were underrated would be the real estate space and the utility space. They're mostly acting like expensive bond substitutes right now. And we think probably the best is behind us for the bond market, with the exception of some specific names in there like Lamar Advertising, which is a real estate investment trust. It is the second largest company out there that does outdoor billboard advertising, and we are seeing that do very well. Technology is also overrated. Some of the names are in the holding like Power Integrations. They make the charging devices for consumer electronics, electronic vehicles, and such. We think that their leadership positions not recognized, names like Kemper Insurance in the automobile insurance space. Right now, their costs are going up faster than they can raise rates, just be forewarned that in the next two years, your auto insurance rates are going to go dramatically higher. That's because the cost of used automobiles is much higher and the cost of repairing them is much higher, and they'll be able to pass that through. So, they're at that trough now where they are unlogged but the basis for an improvement in pricing is dramatically there. There are things like First Citizens Bank we like that they are acquiring CIT financial, which will give them much more dramatic loan growth. We think it's a fantastic acquisition when they close, and we think that is sort of undervalued type situation. There are a lot of different varying things impacting the marketplace right now. Pandemic fears are starting to quiet down as the globe is starting to get more and more vaccinated. We keep seeing spikes from Delta variants and things, but most economies have kind of, with the exception of China has settled on that this is going to be an endemic ongoing thing. We control it, control deaths, control hospitalizations, and do the best. So, you know, that's not as big of a factor as it was clearly in the last 12 months. Other things that have come to light is commodity pricing, inflation, and labor. Labor is still probably our number one issue that our companies are looking at and having difficulties with, which is leading to more automation and ways to work around it. Inflation, some of it is driven by the logistics and shipping issues out there and companies are working through that. But with the inflation issue, one thing virtually every company has right now is pricing power. They haven't hit a wall yet from consumers or businesses saying rejecting the pricing. And you know, basically if you have a company selling \$100 item in the market and making a \$20 profit on it just for simplicity say that item now is \$200. They're making the same 20% profit, that's \$40 profit. They are still selling just one item, but their profits doubled from 20 to \$40. We are seeing that many of the company's numbers with the inflationary pricing and you know, they are continuing to be able to increase pricing which is sort of a new phenomenon for many companies, because we really haven't had

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

that ability to raise pricing. For most of the value companies, that's a very beneficial thing. Government stimulus, spending and infrastructure bills. Clearly you know, unprecedented amount of central banking and government spending over the last year and a half in the pandemic. That is starting to wind down in much of the world other than the United States. We've still got infrastructure bills that are happening out there. So certain companies clearly have sort of a longer tail now as far as their business benefiting. Consulting firm Stantec, they design, you know, infrastructure projects, and engineering around the globe. For the next 10 years, they are going to have you as much business as they can bid on. So, names like that look very much more secure than they did previously with all the government spending and projects out there. Interest rates, we do not profess to be experts there, but they are very cheap right now within a real rate of return with inflation. It looks like they probably could go higher. You know, we're not seeing much upside from most interest rate sensitive names, such as some of the reads and some of the utilities and such. Political noise continues to be exactly that noise. No shortage of that, that will just increase as we go into the midterms coming up. keep an eye on that and how it could affect any of our individual companies. Overall consumers are in a good place. Businesses are in good place. Balance sheets are good. Rates are low. I think pricing powers is there, logistics and shipping issues should improve. We are pretty optimistic; valuations are not dirt cheap. They are at the more expensive end, relative to where rates are and the earnings growth rate and cash flow growth rate, we are comfortable with that. We like the portfolio. We like that the markets, kind of returning and read looking at fundamentals rather than just momentum and who's likely to be a survivor from the pandemic versus who was going to go out of business. We think that plays into our hands. I cut a lot of things really quick. We are talking about being able to see faces and read body language. Let me be quiet and see if there's anything in particular, I can address or if you have any questions.

Mr. Avilla does anyone have questions? No questions.

Mr. Barner said we appreciate your time and interest in your long-term relationship with us and we're available anytime that you have any questions or anything we can do for you.

Mr. Avilla said Alright, thank you so much, Steve and Brett, we appreciate it.

Mr. Loncar said Thank you very much. Have a great rest of your week. Thanks again. We look forward to hopefully meeting in person next time.

Mr. Avilla said All right. Thank you, sir. Weston and Paola do you guys have anything?

Mr. Lewis said Nothing much. I did miss something in my original report, which is, I believe this time period ended is actually pretty important for you all and that it's a fiscal year end, if I'm not mistaken. And that, you know, I guess just a sigh of relief from our

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

side and possibly from yours. When you see that five-year return above that actuarial discount rate, that's always a positive thing. I just wanted to state that. As you heard from the managers from our perspective still doing what you hired them to do. For some we'd like to see some improvement on a relative basis where there is underperformance relative to the benchmark. We are comfortable with the reasons for that underperformance.

Mr. Avilla asked does anybody have anything? I'm going to let them go. I know they have a flight to catch before we step into our next order of business.

Comm. Perona said yes, sir.

We always kind of just at least discuss quickly, our asset allocation and make sure that it is what we want to do. Is that reflecting the times as far as investments going forward. I remember we used to have emerging markets and then we started talking about the US equity and everything else like that. Are we pretty much in the right mode that you would like?

Mr. Lewis answered based on where we looked at it last. You know, the last asset liability study, we are still comfortable with how you are allocated. I do not think too many things have changed and the other two policies were funding policy and benefits policy. One of the things that you may have observed on the work plane is that we're going to be refreshing our capital markets expectations. We will have this when we visit you all in February. We will talk a little bit more about asset allocation. Where we were at the end of last year around this time last year, interest rates and the whole yield curve was a lot lower than it is where we are today. Interest rates affect everything from what you believe you can get for equities; bonds are just a math problem.

If you know your starting yields, you kind of know the band as to what your returns can be over the corresponding 10 years. We will bring to you all as hopefully some improved outlook on what we think you can get, as the expected case over the next 10 years and I say the expected case, that's just the midpoint of a range. Higher yields mean, on the margin is ultimately higher returns. It is not going to be what you would have seen from us, 10 years ago in terms of expectations. It is going to be better than last year. As you think about is there, room for improvement, could you move 5 or 10% one asset class versus another, I think that is a longer more involved question but having different types and categories of investments US and non-US equities, real estate, fixed income, all those diversifiers we still like how your positioned. I have said this before, but I will say it again for you all have been successful. Focusing on the asset classes that are transparent, low cost, and in a lot of cases easier to understand. That is important because you have to explain this to ultimately your beneficiaries and your stakeholders. Going into a lot of these more exotic investments like hedge funds, it is harder to explain. Fortunately for you all, our hedge fund returns have been terrible. Well, I should say, lackluster. That has been a driver of those longer-term results when you look at the last seven years in the top

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021

quartile, a lot of that is explained by the fact that you have focused on liquid transparent, lower cost investments.

Mr. Avilla said thanks. Anything else from anyone? Looks like you guys are good to go, thank you. Next, we're going to move on to election of chair and vice chair for fiscal year 2022.

Mrs. Morris said as our rules state, we have to each October which we didn't have an October meeting, elect a new chair and vice chair for the committee. Even if just the one of you remain, we still have to make a motion as to who will be our chair and our co-chair.

Mr. Stephens said I think Brian has done a great job jumping into the chair from our vice chair and I'll make a nomination that he continues on for next year. **A motion was made by Keith Stevens and seconded by Comm. Jeremiah Johnson. All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition, and the motion was carried unanimously.**

Mr. Stephens said one of the things we like to have is people to be FPPTA certified. I nominate Commissioner Perona as the Vice Chair for the next year.

Comm. Perona said I refuse. If I may, please. I was at the helm for quite a long time and with help from Johnna. We kept this thing at least rolling in the right direction. As we promote ourselves going forward, we really need to have some sustainability and I am not sustainable. One year from right now will probably be my last meeting. I'm just telling you that I would rather somebody get in there and start learning the ropes and chairs, at least to have that two year, except in Brian's case experience before you jump into that seat. I really think it would be a disservice to this board if we bring out the old guy and sit him in a position that he really doesn't want anyway.

Mr. Cisneros said I do have a proposal. I would propose that Mr. Stevens take over as vice chair for this reason it gives Wendy and the other members time to get certified, which I think you know, I agree with Mr. Stevens about how important it is to get into that position. It also gives them a little bit of time to realize how the process works. I make nomination for Mr. Stevens to be Vice chair. **A motion was made by Javier Cisneros and seconded by Johnna Morris. All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition, and the motion was carried unanimously.**

Comm. Perona said With comment, please. Keith can do the job backwards. He did a great job as chairman. I'm very proud of his accomplishments with this board. There's no reason why Commissioner Johnson who's very capable. We've got Wendy Rydzewski, who's very capable, I would recommend that we pick one of them and know that their

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

commitment to the FPPTA and moving forward they got two years to do it. Brian, you did it in two years. you became certified in that period of time.

Mr. Avilla said I was fortunate actually I did it in one year because I was back-to-back to back, I got brought in at the right time where I was able to do it within like a 12-month time. It was quite nice because I came in at the perfect month,

Mr. Stephens said my understanding is Wendy has already passed the basic. Right?

Comm. Perona said the thing about it is that we all know sitting here year after year, being a part of the Retirement Committee and Board is a difference when you're sitting in that seat right there. Brian can tell you all about it because when you sit over here, we never heard from him. Now we can't get him to shut up. I mean, Brian's in charge. He has to stay in touch with what's going on not only during the meeting, but during the month, during the year and everything else like that. It adds that responsibility to your position on the support. I think that's important. And I'd like to share that with the either one or the other two. So, I would recommend to this board, and I only say that in that vein, to share that responsibilities that we pick one of those two and go forward.

Mr. Stephens said since we are having a discussion. Mr. Stephens asked Ms. Rydzewski, would you be willing to do?

Ms. Rydzewski said I don't feel comfortable.

Comm. Perona said I make a motion for Jeremiah Johnson to be Vice Chairman to the Retirement Board because he's a commissioner and his leadership is going to be so important to this group as it is to the city, and I know he will not refuse.

Comm. Johnson said no, I always say yes. I cannot do it.

Mr. Stephens asked are you not interested in doing it, sir.

Comm. Johnson said it's not noninterest. It's a plate overflow.

Mr. Stephens said we have people leaving and I understand that. I just figured that would give you more time. You would only be Vice Chair. But if you missed you would have to and that's what you don't feel comfortable with. Right? I understand that because I can tell you right now this is your second meeting or third.

Ms. Rydzewski answered third.

Mr. Stephens said I can tell you this, and you know this Comm. Perona, and I know Javier knows it. It takes you a year, if not longer to feel comfortable at these meetings up here.

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

Comm. Perona said can we nominate Johnna?

Mrs. Morris said no, I am the secretary.

Comm. Perona said Mr. Chair, let us get this fixed so we can move on? I'm okay nominating Keith Stevens with the thought that he's a placeholder for one year and when we have this discussion next year. We try to pull up somebody else from the group that's already enrolled in the school and at least we have a full docket of officers set up. I nominate Keith Stephens for a one-year term.

Mr. Avilla asked do we have a second? We have a motion and a second. Call roll please. **A motion was made by Comm. Tom Perona and seconded by Javier Cisneros. All those in favor in favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.**

ITEM NO. 9 ~ CONSENT AGENDA

Mr. Avilla said next, we will move on to the consent agenda. **A motion was made by**

Mrs. Morris and seconded by Javier Cisneros. All those I favor of the motion signified by saying aye. There was no opposition, and the motion was carried unanimously.

ITEM NO. 10 ~ CONSIDERATION OF ABSENCES

Mr. Avilla say next we will move on to consideration of absences, and I do not believe we have any. **There were no absences.**

ITEM NO. 11 ~ BOARD MEMBER COMMENTS

Mr. Avilla said at this point does anybody have any comments, board member comments?

Mr. Cisneros said I do have a comment that I'd like to make. As much as I would love to be on to continue on the retirement board, because I do think it is one of the most important things that we do as a member for the retirement program and for our beneficiaries I will be proposing at the next FPUA board meeting to appoint Barbara Mika who is the Director of Financial Services, well respected in our organization. She's been there over 15 years, and she will do an absolutely wonderful job. She will be better than I was, I promise you. She is wonderful. If the board approves it at the next board meeting, she will replace me in December. And you have somebody else to potentially nominate for one of the positions here.

Mr. Avilla asked Comm. Johnson do you have anything?

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

Comm. Johnson answered no, thank you.

Mr. Avilla asked Comm. Perona do you have anything?

Comm. Perona answered no.

Mr. Avilla asked Keith do you have anything?

Mr. Stephens said I have one thing since we are talking about the Florida Public Pension Trustee Classes. Several years ago, and I'm going to say it's been about five or six years ago is when we really pushed hard for people to become certified. I want the board to start thinking about and I don't know if we can do it or is that a charter move by the commission that it become more stringent or and maybe we require it. Mr. Walker, you might be able to answer that. I don't know that. If that is something we can do without the Commission's approval. I'm just curious about that because I can tell you that the people that have done it. I know Comm. Perona, Javier the parts he has been part of and Brian you take basic understanding how important it is. You saw the benefit just sitting in on classes is why the light bulb went on. Remember that Commissioner Perona when you were sitting next to me that one year and I'm just wondering about that.

Mr. Walker said being flanked with two commissioners on either side I have gotten to be very cautious in my response if you can appreciate that. The board drafted the rule as you are aware very, very stringently, expressing the policy that every member, in fact get certified. It was further provided that in the event the individual failed to get certified that there would be notification to the constituency, department of that individual. I hesitate to say sir, that the board would actually have the authority to remove a member of its own volition based upon a rules provision I suspect that we might want to ask the commission to formally bless such a provision before the board went to that extreme. We really did draft the rules as strongly as the board felt it possibly could under the circumstances and I think that's been a successful expression of the board's will in the matter when one sees the high degree of compliance with that policy by the board. Now I'm very proud of the board and what it's done in that regard. of the initiative, as we know is largely driven by Comm. Perona in that regard. He did very well underscoring that need.

Mr. Stephens said of course, like I said, I just want to thank me being the placeholder and everything. I wanted to just bring that up for the board members to think about.

Comm. Perona said if I may, the only thing that prevailing out there too, is you guys are subject to elections. Sometimes you have to spend the first six months or a year getting your feet wet, and you go to school and all of a sudden, you're not on the board anymore. That is always an overlying issue that we may have to also address.

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

Mr. Cisneros said it is an added benefit when you have the ability to campaign when you do go up for reelection that you do have that certification.

Mr. Stephens said we have been here long enough, but I did want to say something. Mr. Cisneros did mention to me when he was going through his me intermediate class, that it's an option. And I don't know if it's in our charter, but so we don't have every three years. I believe they said we could go up to four years, is that the state?

Mr. Cisneros yeah, I think that was a state. That's what I learned from the classes that you could go up to four years. So, you would serve a four-year term. And I think we currently have a three-year term. Is that right?

Mr. Stephens said that is probably in the charter that way too, right? I'm just saying if ever, if since we have two commissioners here, that's something that if they ever wanted to, and I don't know how much we would have to do but the state does allow for four years on voting members. Which if you are going to spend a count of money, we are talking about like exactly what Commissioner Perona just mentioned.

Comm. Perona said it makes a lot of sense. I would rather us I, if I may, Mr. Chairman, I would rather tackle that one rather than send mandatory language to the commission. Jeremiah, we get a little nervous when we get mandatory recommendations.

Mr. Stevens said I was thinking about what we could do. I like the idea of the four year, and we can justify it by the investment that not only the time that's involved with the investment that the Retirement Board has in that person for doing exactly that. That may be something we need to look at going forward in the future.

Mrs. Morris said the registration is open now for anybody who wants to go to the winter Trustee School.

Mr. Avilla asked this will take care of next year, correct? If we go right now, we won't have to worry about later on in case we cannot make it later on in the year correct. That will take care of our seat use for this current year. I mean, for 2022 It'll take care of 2022 for us right out of the gate.

Mrs. Morris said if you want to go, please just send me an email saying you want to go we'll take care of the registration.

Mr. Stevens said that includes the basic, intermediate, and advanced. So, Barbara that is in January?

Mr. Avilla said January 23 through 26th I believe I saw in my email this morning.

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD
NOVEMBER 18, 2021**

Mr. Stephens asked can you do me a favor and just send us all an email to all of us. So, we all know the date and time.

Mr. Avilla asked Mr. Walker do you have anything else for us? Good answer Mr. Walker.

ITEM NO. 12 ~ NEXT MEETING

Mr. Avilla said the next meeting is scheduled for December 16, 2021, at 2:00pm

ITEM NO. 13 ~ ADJOURMENT

Seeing that there were no further questions or comments. Mr. Avilla adjourned the meeting at 4:31 pm.

ATTEST:

Secretary/Treasurer

Chairperson

Note: These minutes are not verbatim, only important issues and motions are reproduced in writing for the benefit of the Fort Pierce Retirement and Benefit System members. The recording itself is the official record for the meeting. The meeting tape/cd is available.

Retirement Board

Meeting Date: 12/16/2021

Re:

Information

SUBJECT:

Request for Retirement from Christine Paz with 16 years and 4 months with the City of Fort Pierce

Attachments

Form Review

Form Started By: Johnna Morris
Final Approval Date: 12/09/2021

Started On: 12/09/2021 05:21 PM

Retirement Board

Meeting Date: 12/16/2021

Re:

Information

SUBJECT:

Request to Defer Retirement from Mark Woodruff with 15 years of service with the City of Fort Pierce Police Department

Attachments

Form Review

Form Started By: Johnna Morris
Final Approval Date: 12/09/2021

Started On: 12/09/2021 05:24 PM