PENSACOLA
FLORIDA'S FIRST & FUTURE

MINUTES OF MEETING
GENERAL PENSION BOARD
NOVEMBER 8, 2023

The trustees of the City of Pensacola General Pension Plan met this date.

Members Present:
- Mick Novota, Chairman
- William "Rusty" Wells, Secretary
- Laura Amentler
- Larry Porto
- Debra Little
- Amy Miller

Members Absent:
- None

Others Present:
- Earl Denney Integrity Fixed Income Management
- Christopher Caputo, Integrity Fixed Income Management
- Todd Green, Cavanaugh Macdonald Consulting (by Teams Meeting)
- Gregory Gosch, Nuveen
- David Heilbrunn, Churchill Asset Management
- Larry Cole, Burgess Chambers & Associates
- Gary Leuchtman, Leuchtman Law
- Lauren Pride, Leuchtman Law
- Richard Russo, Help Desk Technician
- Chris Johnston, Digital Media Specialist
- Michelle Madril, Payroll & Retirement Manager
- Amy Lovoy, Finance Director
- Alexandra Daily, Assistant to Finance Director

The meeting was called to order by Chairman Novota at 11:38 a.m. Chairman Novota stated there was a quorum present.

Mr. Wells made a motion to approve the minutes of the August 9, 2023 meeting. Ms. Amentler seconded the motion and it passed unanimously.

Ms. Amy Lovoy began a discussion regarding the amortization period of the Unfunded Liability for General Pension Fund.

Ms. Miller made a point of order. She noted that if the Board wished to hear Todd Green's presentation now, there would need to be a motion altering the agenda.

Ms. Miller then made a motion to move Todd Green, Cavanaugh Macdonald Consulting up on the Agenda from Unfinished Business to after the Approval of Minutes. Mr. Wells seconded the motion and it passed unanimously.

Mr. Todd Green with Cavanaugh Macdonald Consulting reminded the General Pension Board that when Cavanaugh Macdonald Consulting performs an evaluation, they determine what the plan's unfunded liability is and then amortize that over an amortization period. This Plan many years ago adopted an amortization period based on a set number of years and is referred to as a "closed period". In other words, under this method all unfunded liability must be satisfied by a specific date. Per Florida law, an amortization base for prior periods cannot be changed once an amortization base is set. However, the General Pension Board may take a new action to amortize any future losses over a future 15-year period or any other method allowable under applicable law.

Ms. Lovoy reminded the Trustees at the General Pension Board's last meeting, the Board voted to 1) amortize the current (FY 22) and future losses over a rolling 15-year period and 2) change the assumption for the rate of return from an automatic bi-annual reduction to one that is evaluated by the Board each fiscal year based on the existing market conditions.

Mr. Larry Porto arrived at 11:52 a.m.

Mr. Earl Denney and Mr. Christopher Caputo, with Integrity Fixed Income Management, addressed the Board and provided a review of the quarterly performance for the Fixed Income portfolio for the period ending September 30, 2023. Mr. Denney stated the total value of the Fund was $24,788,236.47 as of September 30, 2023 and the total return for the quarter ending September 30, 2023 was negative 0.91%. He stated the total return for the trailing one year period ending on September 30, 2023 was 1.99%, negative 2.22% for the trailing three year period ending on September 30, 2023 and 2.62% since inception ending on September 30, 2023. All returns are net of fees. The report for Integrity Fixed Income Management is on file.

Mr. Larry Cole, with Burgess Chambers & Associates, provided a review of investment performance for the quarter ending September 30, 2023. He stated the total value of the Fund was $135,287,945.00 as of September 30, 2023 and the net return for the quarter was negative 3.7%. He stated the fiscal year return for the fiscal year ending on September 30, 2023 was 7.9%, 2.4% for the three year period ending on September 30, 2022 and 3.4% for the five year period ending on September 30, 2023 all net of management fees. Mr. Cole then reviewed the performance of each of the money managers. The report for Burgess Chambers Associates is on file.

Mr. Gregory Gosch and Mr. David Heilbrunn with Churchill from Nuveen addressed the Board and provided an overview of the Churchill Middle Market Senior Loan Fund V – Levered Evergreen. Mr. Heilbrunn stated that Churchill Middle Market Senior Loan Fund V offers investors efficient access to U.S. middle market, private equity-backed, senior secured, floating rate term loans..

Mr. Cole made the following recommendations to:

- Move all of the Garcia Hamilton Fixed Income assets to Integrity to be included in the LDI strategy.
- Move approximately $9 million from equities and convertibles to the LDI portfolio managed by Integrity.
- The $9 million would come from the following:

  $500,000 (each) from all of the following managers:

  - Polen LCG
  - Sawgrass LCG
  - DRZ LCV
  - Vulcan LCV
  - Fiduciary LCV
  - Frontier SMID
  - TS&W SMID
  - Alliance Bernstein SMID
  - C&S Infrastructure
  - Lazard Infrastructure
  - $1.5 million from EuroPacific International
  - $1.25 million from Advent Convertibles
  - $1.25 million from SSI Convertibles

After some discussion, Ms. Little made a motion to approve the following:

- Move all of the Garcia Hamilton Fixed Income assets to Integrity to be included in the LDI strategy.
- Move approximately $9 million from equities and convertibles to the LDI portfolio managed by Integrity.
- The $9 million would come from the following:

  $500,000 (each) from all of the following managers:

  - Polen LCG
  - Sawgrass LCG
  - DRZ LCV
  - Vulcan LCV
  - Fiduciary LCV
  - Frontier SMID
  - TS&W SMID
  - Alliance Bernstein SMID
  - C&S Infrastructure
  - Lazard Infrastructure
  - $1.5 million from EuroPacific International
  - $1.25 million from Advent Convertibles
  - $1.25 million from SSI Convertibles

Ms. Miller seconded the motion and it passed unanimously.

Mr. Cole then made a recommendation to approve investing $5,000,000 with Nuveen with Churchill.

After some discussion, Ms. Miller made a motion to table the discussion on investing with Churchill from Nuveen until the board members have a chance to do some additional research on the product offered. Ms. Little seconded the motion and it passed unanimously.

Ms. Little left the meeting at 1:37 p.m.

Ms. Amentler made a motion to approve payment of the following invoices for the quarter ending September 30, 2023:

- Advent Capital Management in the amount of $13,996.58
- DePrince, Race && Zollo, Inc. in the amount of $7,359.00
- Fiduciary Management, Inc. in the amount of $8,168.00
- Frontier Capital Management Co. in the amount of $11,854.94
- Garcia Hamilton & Associates in the amount of $3,941.70
- Integrity Fixed Income management, LLC in the amount of $15,716.28

- Polen Capital in the amount of $17,163.28
- Sawgrass Asset Management, LLC in the amount of $9,225.14
- SSI in the amount of $12,886.00
- Vulcan Value Partners, LLC in the amount of $12,779.66
- Burgess Chambers & Associates, Inc. in the amount of $12,500.00
- Law Office of Gary B. Leuchtman, PLLC in the amount of $6,665.50
- Cavanaugh Macdonald Consulting, LLC in the amounts of $4,136.00, $7,952.00, $6,648.00, and $1,012.00

Ms. Miller seconded the motion and it passed unanimously.

Ms. Miller made a motion to approve the following Notices of Pension:

Clarence B. Jackson
Type of Pension: Normal
Effective Date: 8.26.23
Monthly Pension: $1,669.12
Annual Pension: $20,029.44

Mitchell Maxwell
Type of Pension: Normal
Effective Date: 9.30.23
Monthly Pension: $1,365.14
Annual Pension: $16,381.68

Julia H. Cassady
Type of Pension: Widow
Effective Date: 11.3.23
Monthly Pension: $2,682.08
Annual Pension: $32,184.96

After some discussion, Ms. Amentler seconded the motion and it passed unanimously.

Mr. Leuchtman reviewed House Bill 3 that states that governmental agencies have to make investments based upon pecuniary factors only. He noted that within House Bill 3, all pension boards must file a biennial report of decision-making in voting and adherence to fiduciary standards by December 15. Mr. Leuchtman presented a form of such report for the General Pension Board to review and approve.

Ms. Miller made a motion to accept the form provided by Mr. Leuchtman to satisfy the State's requirement in House Bill 3. Mr. Wells seconded the motion and it passed unanimously.

Ms. Miller made a motion to approve the following invoices:

- FPPTA 2024 Membership Renewal in the amount of $750.00
- FPPTA 2024 CPPT Recertification for Debra Little and Mick Novota

Mr. Wells seconded the motion and it passed unanimously.

Ms. Miller made a motion to approve attendance at the following:

- Winter Trustee School on January 28 - 31, 2024 at the Rosen Centre
- 40th Annual Conference and Expo on June 23-26, 2024 at the Renaissance Orlando at SeaWorld
- Fall Trustee School on September 22-25, 2024 at the Hilton Bonnet Creek

Mr. Wells seconded the motion and it passed unanimously.

Chairman Novota noted the following information items:

- Statement of Changes to Cash Balances for August 2023, September 2023 and October 2023
- Correspondence from SSI Investment Management

There being no further business to come before the Board, the meeting was adjourned at 1:47 p.m.

Amy Lovoy
Amy Lovoy
Plan Administrator