



Ocala

General Employees' Retirement Fund Board of Trustees

Minutes - Draft

Monday, August 12, 2024

9:00 AM

Teams Meeting Link: <https://bit.ly/4dbu30w>

Meeting ID: 228 042 807 088

Passcode: i9m5ZF

Download Teams | Join on the web

Or call in (audio only)

+1 352-448-0342,,813616749# United States, Gainesville

Phone Conference ID: 813 616 749#

1a. Call To Order & Attendance

Mr. Hersh called the meeting to order at 9:00

Others in attendance : Alicia Gaither, Rob Hungerbuhler,
In attendance online by Teams: Bonnie Jensen, Anthony Webber, Gregory Gosch and Laura Stolfi from Churchill, and Tom Stein, Caitlin Ravera, Lori Pomerantz from Partners Group

Present: Lyn Cole
Arnold "Arnie" Hersh
Anthony Ortiz
Charlie Varney

Absent: Tom Casey

1b. Public Noticed & Public Comments

Meeting was publicly noticed on Tuesday July 30th.

2. Attorney Report

2a. Summary Plan Description

Attachments: [2024 SPD DRAFT - 4853-3287-7758.3](#)

Ms. Jensen reviewed the changes made on the Summary Plan Description and instructed the Board to provide to the members.

RESULT: APPROVED

MOVER: Lyn Cole

SECONDER: Arnold "Arnie" Hersh

AYE: Cole, Hersh, Ortiz and Varney

ABSENT: Casey

2b. 2025 Meeting Dates

Attachments: [2025 Meeting dates MEMO - 4861-3419-8478.1](#)

Ms. Gaither will send Outlook Invites to everyone for the meetings.

3. Presentations

3a. Churchill Presentation

Attachments: [Churchill Middle Market Senior Loan Fund V - Levered Evergreen City of Ocala General Employees' Pension Plan August](#)

The presentation by Lumar Storai and Gregory Gosch from Churchill provided an overview of their private credit strategy:

Company Overview: The company offers a conservative approach to private credit, leveraging four decades of experience. Their strategy focuses on senior, leveraged loans with a low risk of loss.

Investment Structure: They introduced an "evergreen plan" for middle-market direct lending, allowing flexibility for investors over two years (no lock-in period). The portfolio consists of 100 loans with an average return of 14.5%.

Track Record: The company has lent out \$36 billion over 18 years across 853 loans, with only 29 losses, showcasing a strong history of protecting against defaults.

Market Outlook: The presenters discussed the potential impact of Federal Reserve actions, predicting a shrink in yield by 30 basis points and possible rate cuts in 2025. Despite this, private credit continues to offer higher yields compared to public credit.

Default Management: They emphasized their proactive approach to managing defaults, using years of experience to restructure loans and keep them on track.

In summary, the presentation highlighted the company's proven, conservative approach to private credit with strong returns and a low loss ratio, even in changing economic conditions.

3b. Partners Group Presentation

Attachments: [Segal Marco_Partners Group Private Credit Strategy](#)

Catlin Ravera, Lori Pomerantz and Tom Stein presented for Partners Group

Catlin Ravera - Company Overview and Global Operations:

Team and Expertise: Partners Group emphasizes an ownership mindset within its team, leveraging deep expertise in managing financial investments globally.

Global Reach: The company operates across multiple locations worldwide, using its global perspective to enhance decision-making and strategic financing.

Investment Range: Partners Group handles loans in the range of \$1 million to \$100 million, showcasing its ability to manage both small and large-scale investments.

Lori Pomerantz - Private Credit and Evergreen Fund:

Private Credit Experience: With 20 years of experience in the private credit sector, Partners Group has provided over \$30 billion in loans (both private and public), with a focus on leveraged investments.

Evergreen Fund Structure: The company's evergreen fund has been open for more than 20 years, offering flexibility to investors with no capital lock-up. Investors can post monthly and redeem quarterly, offering high liquidity.

Equity-Debt Structure: The fund features a structure where 60% of the financing is provided through equity from owners, and 40% through debt from Partners Group, creating a balanced and cost-efficient approach to funding.

Tom Stein - Investment Philosophy:

Financing Approach: Unlike typical ownership models, Partners Group does not own the companies it finances. Instead, the firm provides financing with a global perspective, allowing for diversified and strategically aligned investments without direct ownership stakes.

Mr. Hungerbuhler provided an overview of the two presenters. The Board Decided to hire both firms.

A motion was made by Lyn Cole to hire both Churchill and Partners Group, allocating \$5 million to each firm. The motion was seconded by Arnie Hersh.

4. Consultant Report - Segal

Market Environment and Performance:

Q2 2024 Performance: For the quarter ending June 30, 2024, the investment plan experienced a negative net cash flow of -\$3.9 million, ending with a market value of \$193,959,257.

Performance vs. Benchmark: Despite the negative cash flow, the fund outperformed its benchmark index with a quarterly return of 1.43%, compared to the index's return of 1.27%.

Fiscal Year to Date: The fund has shown strong performance year-to-date, with a return of 13.08% for the fiscal year, indicating solid growth in the current market conditions.

Asset Allocation:

The fund is currently underweight to fixed income and overweight to real estate. Despite this allocation, there are no immediate recommendations for changes to the current strategy at this time.

Investment in WP Fund: The plan has \$10 million invested in the WP fund, with some distributions already received.

These distributions are expected to become more frequent starting next year, which could influence future decisions. Based on the frequency and volume of future distributions, there may be a recommendation to allocate an additional \$5 million to the WP fund.

Mr. Hungerbuhler will invite the manager of the WP Fund to attend the November meeting to review Fund 6 and present Fund 7 for potential future investments.

Investment Performance June 30, 2024

Attachments: [City of Ocala General Investment Performance Q2 2024](#)

5. Minutes

Approved

RESULT: APPROVED

MOVER: Lyn Cole

SECONDER: Anthony Ortiz

AYE: Cole, Hersh, Ortiz and Varney

ABSENT: Casey

Minutes - February 12, 2024 & May 13, 2024

Attachments: [General Minutes 2.12.24 Final, not signed](#)
[General Minutes 5.13.2024 Final, not signed](#)

6. Other Items For Discussion

6a. Administrative Agreement

Current Provisions: The existing agreement with the city requires the employment of two full-time equivalent (FTE) employees as administrative assistants to manage the pension fund, with the pension fund covering 100% of salary, benefits, and expenses for these positions.

Proposed Changes: The city is proposing to change Alicia Gaither's job title from administrative assistant to pension manager, which would require an update to the agreement. This change would impact the oversight and reporting structure as Alicia would report to the Finance Director or their designee, rather than the pension boards directly.

Concerns About the Changes:

Removal of Board Supervision: The proposal removes the board from its supervisory role over the administrative assistant (now pension manager) and shifts the supervisory responsibility to the Finance Director or their designee, which may be contrary to the current agreement. Bonni Jensen raised concerns that this change could violate the contract.

Qualifications and Experience: The current job description and agreement specify certain qualifications (e.g., four years of experience, familiarity with pension systems, and professional certifications such as FPPTA), which may not be met by the individual assuming the new role. This raises questions about whether the proposed candidate is equipped to handle the technical and specialized responsibilities of managing the pension fund.

Lack of Communication: The Trustees expressed frustration that the boards were not consulted before changes were made to the job description, and the process appears to have been handled without board input. This lack of communication is seen as inconsiderate, especially since the pension boards directly fund these positions.

Impact on the Pension Fund:

Administrative Assistance Responsibilities: Alicia explained that the administrative assistant's role involves significant tasks related to retiree benefits (e.g., health, life, dental, and vision benefits) and managing pensions. Shifting these responsibilities to an individual with less experience and supervisory oversight could impact the quality of service provided to pension fund participants.

Potential Costs: There are concerns that the city may be pushing for an outside consultant to take on these duties, which would likely increase costs to the pension boards. Bonni and Alicia noted that the current agreement stipulates two FTEs be dedicated to the pension fund, and any change in staffing or roles should be negotiated, as this could affect the boards' finances.

Action Steps and Recommendations:

Letter to the City Manager: Bonni Jensen agreed to draft a letter to the city manager outlining the concerns about the proposed changes and their potential violation of the agreement. The letter would request clarification and emphasize the need for the boards to be involved in decisions affecting the pension fund's administrative structure.

Request for a Meeting: Trustees suggested a meeting with the city management to address these concerns directly. The boards feel they should be included in the discussion and that their input is crucial given their financial commitment to the pension fund's administrative staff.

Other Observations:

Concerns About Oversight: Both Alicia and Bonni expressed concerns about the new structure potentially undermining the fiduciary responsibilities of the pension boards. The boards have a legal obligation to ensure that the pension fund is managed in the best interest of its participants, and any change in supervisory authority or personnel could jeopardize that oversight.

Transition Issues: Highlighted the difficulty of transferring knowledge and responsibilities from Alicia Gaither (a long-time employee with deep knowledge of the pension fund) to someone less experienced. The board also emphasized the importance of continuity and mentorship to ensure the new role is filled competently.

Next Steps:

Bonni Jensen will draft and send the letter to the city manager.

Chairman will reach out to the city to request a meeting.

Monitor any further developments related to the job description and staff changes.

This meeting highlighted the need for clearer communication and stronger involvement of the pension boards in decisions related to staffing and oversight of the pension fund.

6b. Upcoming Training

Attachments: [2024 Police & Fire Pension Conference Brochure](#)
[FPPTA School 9.2024](#)

7. Adjournment

A motion to approve the minutes as printed on this _____ day of _____; _____

was made by _____, seconded by _____,

votes for _____, votes against _____.

Chairman

Secretary