

City of Marco Island Florida Fire Pension
MINUTES OF MEETING HELD June 28, 2024

1. Steve Gaskill called the meeting to order at 8 AM in the training room 2nd floor of new fire station. Those persons present included:

TRUSTEES

Steve Gaskill - Chair
Jake Clemmons - SEC
Michael Shone, Trustee
Joan Taylor, Trustee
Leslie Shade, Trustee

OTHERS

Scott Baur & (Toby Rabelo-Electronically) , Administrators
(Resource Centers)
Pedro Herrera – (Sugarman, Susskind, Brasswell &
Herrera) Electronically
Mark Huffor - Electronically

2. **ROLL CALL**

Each person present was accounted for, and Mr. Herrera, Rabelo and Huffer joined electronically.

3. Exigent Circumstances for Trustees Joining Electronically were approved.

Jake Clemmons made a motion to approve exigent circumstances. The motion received a second from Trustee Shone. Approved unanimously 5-0.

4. **PUBLIC COMMENT**

No members of the public had any comment.

5. **Investment Consultant Presentations**

New England Pension Consultants (NEPC) – Stephanie Kinchia, Dave Moore, Margaret Belmondo

Dave provided an overview of the firm: 357 Employees, 8 regional offices, employee-owned (50 partners), with 423 clients and 1.7 trillion in assets with the average size from 50 million to 1 billion. 100% of revenue from advisory consulting and OCIO services. NEPC has 18 public funds with Margaret as Team Leader. Trustee Shade asked for the difference between public funds and health plans.

Stephanie provided her background as she grew up in Florida. She provided a perspective on current asset allocation with recommendations. NEPC has a more conservative outlook on equities, NEPC would invest core equity portfolio in passive index options and focus on asset allocation. Dave then explained the evaluation of managers and value-added proposition for 3(38) services. He also said the collective weight of NEPC would help open options to Marco Fire and negotiate fees. Attorney Herrera asked if any current managers would be fired? Stephanie said no, but they would add passive and fixed income options.

NEPC is neutral on offering advisory v. discretionary. The board had further discussion on 3(21) v 3(38) services. NEPC will complete a full asset liability study every 3-5 years.

MARINER - Jennifer Gainfort and Steve Gordons

Jennifer introduced herself as potential lead consultant and Steve provided an overview of the firm. Mariner has more clients in Florida than any other consultant, emphasizing "Florida" experience. Mariner has over seven hundred institutional clients with approximately 105 billion in assets, with 240 being Florida clients representing 18.6 billion in assets. Jennifer Gainfort currently

City of Marco Island Florida Fire Pension
MINUTES OF MEETING HELD June 28, 2024

manages over thirty clients. Steve also spoke about the recent merger between ANDCO and MARINER.

Trustee Shade asked for portfolio recommendations. Steve said MARINER would place most assets through mutual fund vehicles. Jennifer reviewed current asset allocations and noted some shortcomings. She highlighted transparency of reporting and recommended the board to add passive exposure. She emphasized the importance of manager consistency and provided examples of international managers. Jennifer discussed transition concerns and how MARINER would look at custodial relationship if extracting assets out of Morgan Stanley. MARINER will not charge an extra fee for custodial search. Jennifer provided more details on asset allocation and asset liability study done by MARINER, noting asset allocation is the most crucial decision.

Trustee Shone asked about diversification of portfolio. Steve discussed discretionary v non-discretionary services. He said Marco Fire matches their ideal client and MARINER backs their services with a fee guarantee. Steve noted the differences between 3(21) and 3(38) services as a liability difference and a performance advantage. Jennifer described a process to rebalance assets to targets. Trustee Shade asked about negotiation of fees.

DAHAB Associates – Steve Roth

Steve provided an overview of the 100 % employee owned (seven partners) firm. 86 Clients with seventeen billion in assets and twenty-five employees. All revenue derived from non-discretionary consulting clients with zero debt. Seventy percent of their clients are public funds with nineteen in Florida. Clients to consultant ration of 11 to 1. He indicated Mr. Gregory McNeillie would collaborate with him on the Marco Fire account. DAHAB prefers to keep assets simple with less resources focused on alternatives. He noted long time horizon and asset smoothing. Trustee Shone asked what the succession plan for “Rich” is. Steve indicated Rich is reducing ownership to employees over time – he still owns 85% of the company. Steve shared his outlook on real estate. He differentiated between risk and safety assets. DAHAB does not offer 3(38) services. He noted the difficulty in timing markets and potential conflicts of interests. DAHAB rebalances assets to targets – the major decision being when the market is down. Steve then explained the asset liability studies provided by DAHAB.

Steve provided his view of the current markets, noting sector differences between growth and value managers. He also noted opportunities to simplify the portfolio. He emphasized stability, simplicity, and small size. DAHAB built and owns its own software.

SEGAL Marco – Jeffrey Boucek, Robert Hungerbuhler, Steve Cottle, Benji Patzik

Jeff made an introduction and thanked the board for the opportunity. SEGAL Marco is the oldest institutional investment consulting firm est in 1969 with 878 plans and 618 billion in assets. He reviewed the qualifications of the team which includes many areas of specialization. SEGAL measures success by the longevity of client relationships. Steve and Jeff would be lead consultants on this plan. Steve focused on qualities which set Segal apart. The asset liability measurement and sustainability of the plan set SEGAL apart. He then described the modeling of the portfolio. He provided results from 2 clients as case studies, both reaching similar goals from very different vehicles. Steve provided recommendations for the current portfolio. The assets have a long-term expected return that does not meet assumptions Segal would simplify the equity exposure and reduce fees. Steve then gave manager examples and noted that asset classes with active managers should outperform. Manager research sets SAGEAL apart. Benji presented OCIO services spread from traditional advisory, partial discretionary, and full discretionary services. Discretionary: Board

City of Marco Island Florida Fire Pension
MINUTES OF MEETING HELD June 28, 2024

guides and Segal makes decision. The consultant takes a partnership approach with clients. Partial Discretionary services typically gives Segal greater control over asset allocation. Benji also reviewed client operations and service teams while Jeff reviewed fees. Trustee Shade asked why full discrepancy at SEGAL cost so much more. Segal offered to do discretionary at 35 basis points. And thirty if both BOARDS (police and fire) hired them.

6. Board Discussion

The Board discussed the presentations.

Jennifer Gainfort has too many clients.

Dahab succession from Rich

Steve Roth does not do discretionary.

Segal value add on managers bt use of managers really that important?

Mariner did not make strong portfolio recommendations.

Segal has the biggest jump from 3(21) to 3(38).

The board feels it has been overcharged by Morgan Stanley. If the board goes to 50% passive, they "lose" preferential pricing platform with Morgan Stanley, so Greystone is out. Greystone has aggregated fees so Police fees may go up.

NEPC will go down to 60K if both boards hire them and NEPC consultants only have 6 to 8 clients. NEPC Consultant was not as experienced.

DAHAB does not have a clear succession plan. The board liked the simple approach by Steve Roth. DAHAB is old school and not up on technology.

Steve Gaskill ranked DAHAB first and said Mariner is local.

Joan Taylor ranked Mariner first then Segal and said she would eliminate NEPC because of the lack of Florida presence.

Jake Clemmons liked SEGAL's preparation and stated how NEPC did not talk much about Florida and DAHAB does not offer 3(38).

There was discussion over fees for services.

Motion by Leslie Shade, second by Jake Clemmons to select SEGAL Marco under agreed fee structure subject to agreement being reviewed by board attorney. Approved unanimously 5-0.

7. Next Regular Meeting – September 13, 2024, at 930 AM

8. ADJOURNMENT at 1:21pm

There being no further business and the Board having previously scheduled the next regular meeting for Friday, September 13, 2024, at the new starting time of **9:30AM**.

Jake Clemmons made a motion to adjourn the meeting at 1:21 pm. The motion received a second from Trustee Shade. Approved unanimously.



Jake Clemmons, Secretary