

Clients first.



To: Key West General Employees' Pension Board of Trustees
From: Tim Nash
Date: December 10, 2021
Re: City of Key West General Employees' Pension Plan Proposed Consulting Fee Review

Our firm was formed with the mission of providing the highest level of institutional investment consulting at a competitive fee. Today we are a better, stronger, and more experienced firm than we were when initially engaged by your Board. The institutional marketplace has changed dramatically over the years, and true independence is now recognized as the prudent approach. We are pleased to have been at the forefront of this movement.

We are aware of the challenges in the current environment that are facing pension plans across the state and the nation, and we have always strived to provide the highest level of institutional consulting services at a competitive fee.

We have been pleased to serve the City of Key West General Employees' Pension Plan for the past 14 years. Through our open and ongoing communication and reporting, we have assisted the Board in prudently reviewing and restructuring the portfolio. We would like to highlight a few of the accomplishments of the investment program as of September 30, 2021:

- ✓ The Total Plan's return exceeded the Plan's assumed rate of return for the trailing 1, 3-, 5-, 7- and 10-year periods.
- ✓ The Total Plan's return ranking is above average compared to the peer group for the trailing 1, 3-, 5-, 7- and 10-year periods.
- ✓ In 6 of the last 10 individual fiscal years, the Total Plan's return outperformed the benchmark and ranks above average of the respective peer group.

Major Historical Policy Level Changes:

- ✓ Prepared and presented a customized Asset Allocation Study to determine and support the Plan's proper long-term asset allocation assumption and strategic asset mix.
- ✓ Introduced Private Real Estate, a new asset class, and allocated to the American Core Real Estate Fund to further diversity portfolio and improve risk and return metrics of total fund.
- ✓ Introduced Global Bonds, a new asset class, and allocated to the PIMCO Global Bond Fund to further diversity portfolio and improve risk and return metrics of total fund.
- ✓ Continuously update and monitor guidelines of the Investment Policy Statement to properly reflect Plan's goals and objectives.

As we have worked to improve our clients' investment portfolios, over the past fourteen years we have also worked to improve our firm, adding talented people, and increasing our technological capabilities. Our objective is to be able to provide the highest level of service and industry knowledge to each of our clients.

Our firm provides institutional consulting services on a hard dollar, full retainer, flat-fee basis for 100% of our clients. While the following fee proposal represents an increase to our current hard dollar fee, this new proposal still reflects a significant reduction in the proposed rate for our services with consideration of the asset growth and services provided to the Plan. Our proposed retainer fee effective date is January 1, 2022, and it would include all components of our consulting services and we would guarantee this proposed fee for 3 years.

<u>Existing Fee Contract</u>		<u>Proposed Fee Contract</u>	
Annual Retainer Total Fee:	\$35,500	Annual Retainer Total Fee:	\$41,500
(Sept. 30, 2011) Pension Mkt. Val:	\$49,331,330	(Sept. 30, 2021) Pension Mkt. Val:	\$72,338,730
<hr/>		<hr/>	
Total Plan Assets	\$49,331,330	Total Plan Assets	\$72,338,730
Fee as a Percentage (%):	0.072% (7.20 bps)	Fee as a Percentage (%):	0.057% (5.70 bps)

**Proposed fee effective date January 1, 2022.*

We value the relationship with the City of Key West General Employees' Pension Plan and look forward to a continued successful relationship.