

**CITY OF PALMETTO
GENERAL EMPLOYEES' PENSION BOARD OF TRUSTEES
NOVEMBER 29, 2021
8:30 A.M.**

Board Members Present:

Jim Freeman, Chair
Allen Tusing, Vice Chair
Matt Bloome, Secretary (Not Present)
Dale Hoffner
Ellen Leonard (Entered the meeting at 8:35 a.m.)
Mark Ingram
Cheryl Miller

Staff and Others Present:

Scott Christiansen, Board Attorney
Andy McIlvaine, Graystone Consulting
Scott Owens, Graystone Consulting
Vanessa Cochran, Assistant City Clerk

Mr. Freeman called the meeting to order at 8:32 a.m.

1. AGENDA APPROVAL

Motion: Mr. Hoffner moved, Mr. Tusing seconded, and the motion carried 5-0 to approve the November 29, 2021 General Employees' Pension Board Agenda.

2. PUBLIC COMMENT

None

3. APPROVAL OF MINUTES

Motion: Mr. Hoffner moved, Ms. Miller seconded, and the motion carried 5-0 to approve the August 30, 2021 minutes.

4. APPROVAL OF EXPENSES

- a.) First State Trust Company invoice dated July 7, 2021
- b.) Christiansen & Dehner P.A. invoice dated August 31, 2021
- c.) Christiansen & Dehner P.A. invoice dated September 30, 2021
- d.) Florida Municipal Insurance Trust invoice dated September 2, 2021
- e.) Foster & Foster invoice dated November 19, 2021
- f.) Florida Public Pension Trustees Association (FPPTA) invoiced dated November 23, 2021

Motion: Mr. Tusing moved, Mr. Hoffner seconded, and the motion carried 5-0 to ratify the paid expenses as presented.

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Mrs. Ellen Leonard entered the meeting at 8:35 a.m.

5. INVESTMENT REVIEW

Scott Owens, Graystone Consulting, presented the end of the quarter investment review. He reviewed overall asset allocation for the entire plan. We are slightly overweight equities and fixed income and underweight on alternatives, but they are all still within the allowable range. Next he reviewed the individual managers. There was some concern on Kayne Anderson and although they earned 38% for the year, the benchmark was up 68%. Part of the reason is Kayne Anderson has taken a more conservative approach and invested in small cap companies with positive earnings versus investing in small cap companies that anticipate future earnings. Next, he discussed fixed income Madison, Vanguard and BlackRock and discussed how the volatility is much less than equities as the standard deviation is much lower. Next he discussed UBS real estate and he was happy to see they outperformed for the first time in several quarters.

Mr. Owens reviewed the updated performance of the fund since September 30, 2021. Since October 1, 2021 the plan has shown positive returns of 4.09% as of November 18, 2021. September was not a great month but October and November were good months for the plan. He felt the portfolio is performing as expected with the exception of Clearbridge International growth. Growth funds did well this quarter and he would have expected better returns from the manager.

Mr. Freeman question the performance for Madison fixed income and it appears they have underperformed for many time periods. Mr. Owens stated that this manager is a higher quality credit investor so you see more conservative returns. As such, Maddison is very low risk. Mr. Owens said we could look at decreasing the amount invested in Madison and move some of that money into Blackrock long/short or look at a different fixed income manager. Mr. Owens reviewed the compliance checklist and the plan is compliant.

6. CONTINUE COST OF LIVING DISCUSSION

Mr. Freeman provided a brief summary from the last meeting. This was item was brought forward based on inquiry from a few board members in prior meetings. Foster and Foster (Actuary) has provided two options to the Board at the last meeting and the associated cost. A couple of board members were not present and we decided to bring it back once the entire board was present. Therefore, it is back on the agenda for discussion. Option A was based on blocks of 5 year terms and a percentage increase associated with each block of service for anyone retiring prior to 2014 and the increase was capped at 10%. Option B was to provide a 2% increase to anyone retiring prior to 2020 and they would receive a 2% increase for every year they were retired prior to 2020 and the COLA would be capped at 10%. 1996 was the last time a COLA was given to retirees and it was similar to option B discussed above, but the starting point was anyone retiring 5 years from the current date at that time. There was discussion regarding the cost for each option in total and on an annual basis. Option A annual cost is about \$34,000 per year or an additional 1% of payroll.

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Option B would cost about \$84,000 per year or an increase of 2.5% as a percentage of payroll that City would have to contribute each year. Discussion ensued about who should be eligible for a COLA with the thought being those who have retired recently are earning a pension that is more current in terms of their dollar value versus a retiree who retired 15 years ago.

Mrs. Leonard asked if the City has done a good job keeping up with salaries over the last few years. Mr. Freeman stated that from 2004 to 2014 the City generally gave a 3% COLA every year with the exception of the recession in 2010 thru 2014. In addition to the COLA, the City also did two salary studies in 2016 and 2021 to ensure salaries were competitive.

The actuarial valuation is expected to come to the Board at the next meeting and the City will understand more about what the City will be required to contribute as a percentage of payroll as of October 1, 2021 and the City will use that percentage for budget year beginning October 1, 2022. This is something the City does every year.

Mr. Hoffner asked if we move forward, when it would go into effect. Mr. Freeman stated that is up to the Board, but ultimately the City Commission would need to approve the change via Ordinance.

Ms. Miller asked if this would this occur every 5 years. Mr. Freeman stated that the Attorney has informed us that we can look at an increase every 5 years, but it cannot be built in automatically as it would not be an Ad Hoc COLA.

Ms. Leonard asked about Drop retirees. The options presented by Foster and Foster assumes anyone that is in a retiree status would potentially be eligible for a COLA if it applies. This would include employees in a DROP status. This may or may not be relevant based on the start date for the COLA. For example if you have a start date that is 5 years prior to today, DROP employees would probably not benefit as they retired more recently.

The board discuss the process to move forward. Mr. Christiansen stated the Board would select an option and then bring it to the Commission for the approval in the form of an ordinance.

Mr. Freeman stated that he was hoping to have the actuarial valuation for the upcoming year before making a decision on this matter. He would also like to see option B with a start date further back versus a start date of today and the potential costs. Mr. Tusing confirmed that would be a modified option B. The Board discussed bringing this item back in February.

Mr. Tusing asked if he has conflict since he is a retiree. Mr. Christiansen stated no because he is not receiving a special benefit.

Mr. Hoffner asked for a modified Option B to be brought back to the next meeting. The modified option B would provide the COLA from anyone that retired prior to October 1, 2016.

Motion: Ms. Miller moved, Mr. Tusing seconded and the motion carried 6-0 to direct Doug Lozen with Foster and Foster to use an effective eligibility date of October 1, 2016 for option A, and a modified Option B to determine the cost for each option which will be brought back at the next meeting along with the new actuarial valuation.

7. BENEFITS DISBURSEMENT APPROVAL

a. DROP PARTICIPANT

- None

b. SEPARATED NON-VESTED EMPLOYEE

- Daveon Haynes
- Jordan Evans
- Jonathan Garcia
- Octavious Cole
- Shawn Williams

c. SEPARATED VESTED EMPLOYEE

- None

d. RETIRED EMPLOYEES

- Kenny Green
- Hazel Isom

e. DECEASED RETIREES

- Robert Walker (100% Joint and Last Survivor Annuity)

f. DECEASED ACTIVE EMPLOYEE PAYOUT

- Donna Gross (Pre-retirement Death 10 Year Beneficiary)

Motion: Ms. Miller moved, Mr. Hoffner seconded, and the motion carried 6-0 to approve the Benefits Disbursements as presented.

8. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

- Xavier Colon
- Encarnacion Gonzalez
- Kenya Green
- Robert Schofield
- David Wright

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9. SEPARATED MEMBER ACKNOWLEDGEMENT (No Payment Processed)

- Justin Green
- Alberto Betancourt

10. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen stated two terms are up at the end of the year. Mrs. Leonard and Mr. Tusing's terms expire in January 2022. Both are Board selected as 6th and 7th Trustees. Mr. Bloome's term expired in January 2021 and he should have been reappointed. Mr. Tusing stated he would like to be serve again.

Motion: Mr. Ingram moved, Ms. Miller seconded and the motion carried 6-0 to reappoint Mr. Tusing as the 6th Trustee for the General Employee Pension Board for a term ending January 2024.

Mrs. Leonard stated that it is becoming more difficult to serve as she is traveling more. As such, she would like the Board to search for a replacement, but she would serve until someone is selected. The Board will look for a replacement and try to bring that forward at the next meeting. We need to do pension letter number two, year-end report from our investment consultant. This should be provided to the City Commission.

We need to designate the public records liaison officer for the board. Amber LaRowe was the previous RMLO so we need a motion to select a new Records Management Liaison Manager (RMLO) and a resolution is available.

Motion: Mr. Freeman moved and Mr. Tusing seconded and the motion carried 6-0 to approve Resolution 2021-01 to designate Vanessa Cochran as the RMLO.

11. PLAN ADMINISTRATOR'S REPORT

Staff will double check on the election for Matt Bloome and report back at the next meeting.

Mr. Freeman adjourned the meeting at 10:04 a.m.

MINUTES APPROVED: FEBRUARY 28, 2022

MATT BLOOME

MATT BLOOME
SECRETARY