

MINUTES
CITY OF PALMETTO
GENERAL EMPLOYEES' PENSION BOARD OF TRUSTEES
FEBRUARY 27, 2023
8:30 A.M.

BOARD MEMBERS PRESENT:

Jim Freeman
Allen Tusing
Dale Hoffner
Cheryl Miller
Robert Schofield
Robert Urso (Not present)
Shannon Ingram (Not present)

STAFF AND OTHERS PRESENT:

Scott Christiansen, Board Attorney
T.J. Loew, Graystone Consulting
Scott Owens, Graystone Consulting
Cassi Bailey, Assistant City Clerk/Plan Administrator (Not present)
Penny Johnston, Executive Assistant

Chair Freeman called the meeting to order at 8:30 am. and conducted a roll call.

1. AGENDA APPROVAL

MOTION: Mr. Hoffner moved, Mr. Tusing seconded, and the motion carried 5-0 to approve the February 27, 2023 General Employees' Pension Board Agenda.

2. PUBLIC COMMENT

There was no public comment.

3. CERTIFICATION OF BALLOTS FOR THE TWO ELECTED TRUSTEES SEATS

MOTION: Mr. Tusing moved, Mr. Hoffner seconded, and the motion carried 5-0 to approve the Clerk's certification of the election for the Pension Board Trustees.

4. APPOINTMENT OF SHANNON INGRAM TO THE GENERAL EMPLOYEE PENSION BOARD OF TRUSTEES (INFORMATIONAL ONLY)

City Commission appointed Shannon Ingram to the General Employees' Pension Board for a term ending January 2025.

General Employees' Pension Board of Trustees

February 27, 2023

Page 2 of 5

5. REAPPOINTMENT OF DALE HOFFNER TO THE GENERAL EMPLOYEES PENSION BOARD FOR TERM ENDING JANUARY 2025 (INFORMATIONAL ONLY)

City Commission reappointed Dale Hoffner to the General Employees' Pension Board for a term ending January 2025.

6. ELECTION OF OFFICERS

MOTION: Mr. Hoffner moved, Mr. Tusing seconded, and the motion carried 5-0 to nominate and elect Jim Freeman as Chair for a term ending January 2025.

MOTION: Mr. Tusing moved, Mr. Freeman seconded, and the motion carried 5-0 to nominate and elect Dale Hoffner as Vice-Chair for a term ending January 2025.

MOTION: Mr. Freeman moved, Mr. Hoffner seconded, and the motion carried 5-0 to nominate and elect Cheryl Miller as Secretary for a term ending January 2025.

7. AUTHORIZED SIGNERS

MOTION: Mr. Tusing moved, Mr. Hoffner seconded, and the motion carried 5-0 to approve Jim Freeman, Cheryl Miller, and Robert Schofield as authorized signers for the General Employees' Pension Board.

8. PURCHASE OF PRIOR MILITARY OR PRIOR GOVERNMENT SERVICE- PAYROLL DEDUCTION OPTION (E-Z PAYMENT OPTION) (ATTORNEY CHRISTIANSEN)

Attorney Scott Christiansen spoke about the proposed provision in the City Pension Plan allowing employees with prior military or government service to buy back years of credited service using a payment plan with payroll withdrawal with interest at the assumed rate of return for the plan rather than the lump sum amount calculated by the Actuary. If the employee leaves employment prior to buy-back being paid in full, the Actuary would prorate payments accordingly.

The credited service does not count toward vesting but years would be considered during retirement calculations. An ordinance would be required to go before Commission. The tax qualified plan will be amended.

Mr. Christiansen clarified the payments are "after-tax", the pension contributions are "pre-tax", and there would be no impact actuarially. Plan would not limit the number of credited years of service that could be purchased.

Employee would have to pay for Actuary first to have the buy-back numbers calculated. Payments for the buy-back would be withdrawn from the paycheck over time.

MOTION: Ms. Miller moved, Mr. Schofield seconded, and the motion carried 5-0 to make an ordinance with the E-Z payment plan and with the IRS Secure Act provisions and provide for a buy-back over three (3) years.

9. 2023 SUMMARY PLAN DESCRIPTION (ATTORNEY CHRISTIANSEN)

Attorney Scott Christiansen noted the changes of the previous plan, last updated in March 2021. Changes included working past your retirement age; provision to the buy-back of credited service; maximum benefits set by IRS code; and Board officers listed on Exhibit A.

MOTION: Mr. Tusing moved, Ms. Miller seconded, and the motion carried 5-0 to approve the March 1, 2023 Summary Plan Description with changes as described.

10. APPROVAL OF MINUTES

MOTION: Ms. Miller moved, Mr. Hoffner seconded, and the motion carried 5-0 to approve the November 28, 2023 minutes.

11. APPROVAL OF EXPENSES

- a.) Christiansen & Dehner, P.A. invoices dated 11/30/2022, 12/31/2022, 01/31/2023
- b.) First State invoice dated 01/05/2023
- c.) Foster & Foster invoice dated 02/16/2023

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

12. INVESTMENT REVIEW

Mr. Scott Owens, Graystone Consulting, explained the purpose and goal of Graystone as an investment manager. Mr. T.J. Loew presented the end of the quarter investment review. End of FY 22 the market was down 18%, the worst year for the stock market since 2008. Unemployment rate of 3.4% is great, but 9% inflation led to interest rate hikes. This quarter improved, but industry still expects a recession. International market outperformed US market. Graystone recommends staying in a defensive posture.

Pension portfolio is up over 8%, annual target is 6.75%. However, Scott Owens opined that going forward, each quarter is going to be more challenging than the last. Mr. Owens discussed Polen Large Cap Growth as a manager or Sawgrass, also a Large Cap, as a defensive manager or BlackRock, which focuses on growth.

MOTION: Mr. Hoffner moved, Ms. Miller seconded, and the motion carried 5-0 to transfer funds from Polen to Sawgrass.

Mr. Owens recommended doing a search for other managers to possibly replace Allspring Wells Mid Cap. He will bring a few options and compare to a passive option. Madison, in Fixed Income asset class, is very steady and designed to protect portfolio. Update page shows the City portfolio has 8.21% return so far this year.

In summary, Graystone will bring options to replace Allspring Wells Mid Cap and they will move funds from Polen to Sawgrass. Graystone's fee is currently 38 basis points. Mr. Freeman also asked for graphs to clarify information on page 28.

13. BENEFITS DISBURSEMENT APPROVAL

a. DROP PARTICIPANT

- None

b. SEPARATED NON-VESTED EMPLOYEE

- Annie Armstrong
- Romain Noble

c. SEPARATED VESTED EMPLOYEE

- None

d. RETIRED EMPLOYEES

- None

e. DECEASED RETIREES

- Johanna Zaagman (Annuitant)
- Kenneth Griffin (Annuitant-Barbara Griffin)
- Charles Leaks (No Annuitant)

f. DECEASED ACTIVE EMPLOYEE PAYOUT

- None

MOTION: Mr. Tusing moved, Ms. Miller seconded, and the motion carried 5-0 to approve the Benefits Disbursements as presented.

14. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

- Jorge Rodriguez (01/04/2023)
- Ronald James (02/01/2023)
- Ricardo Hernandez (02/01/2023)
- Jose DeLeon Aguayo (02/02/2023)

General Employees' Pension Board of Trustees

February 27, 2023

Page 5 of 5

15. SEPARATED MEMBER ACKNOWLEDGEMENT (Informational Only)

- Aydin Frazier (12/05/2022)
- Xavier Colon (12/13/2022)

16. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen reminded staff that the financial disclosure forms must be sent to new trustees and final Form 1F sent to Matt Bloome. Mr. Christiansen talked about the avoidance of benefit overpayment. He cautioned that some benefits have a change date, so he suggested custodian First State sign off on a list of change dates prepared by the City. Mr. Freeman said the process has already been started internally.

17. PLAN ADMINISTRATOR'S REPORT

Cheryl Miller and Cassi Bailey passed the Florida Public Pension Trustee Association (FPPTA) class, level 1.

Chair Freeman adjourned the meeting at 10:17 a.m.

MINUTES APPROVED: MAY 22, 2023

CHERYL MILLER

CHERYL MILLER

SECRETARY