

CITY OF PALMETTO
POLICE OFFICERS' PENSION BOARD OF TRUSTEES
August 30, 2021
11:00 A.M.

BOARD MEMBERS PRESENT:

Mike Fuller
Jim Freeman, Secretary
Robert Rotondo
Micah Mathews
Matthew Wilson

STAFF AND OTHERS PRESENT:

John Thinnes, & Co Consulting
Doug Lozen, Foster & Foster
Scott Christiansen, Board Attorney
Vanessa Cochran, Assistant City Clerk

Mr. Freeman called the meeting to order at 11:05 a.m. and each Board member introduced themselves.

1. AGENDA APPROVAL

Motion: Mr. Fuller moved, Mr. Wilson seconded, and the motion carried 5-0 to approve the August 30, 2021 Police Officers' Pension Board Agenda.

2. PUBLIC COMMENT
None

3. ELECTION OF CHAIR

Motion: Mr. Fuller moved, Mr. Wilson seconded, and the motion carried 4-0 to nominate Mr. Freeman as Chair for a term ending 2023.

Motion: Mr. Fuller moved, Mr. Rotondo seconded, and the motion carried 4-0 to nominate Mr. Mathews as Secretary for the term ending 2023.

4. APPROVAL OF MINUTES

Mr. Fuller requested clarification on the 12% and 7% listed in the May 24, 2021 minutes for the Investment Review. Mr. Freeman responded that the 12% is the Fiscal Year to date and the 7% is the mark for the assumed rate of return.

Motion: Mr. Wilson moved, Mr. Mathews seconded, and the motion carried 5-0 to approve the May 24, 2021 minutes.

Police Officers' Pension Board Meeting

August 30, 2021

Page 2 of 5

5. APPROVAL OF EXPENSES

- a.) Christiansen & Dehner, P.A. invoice dated May 31, 2021
- b.) Christiansen & Dehner P.A. invoiced dated June 30, 2021
- c.) Christiansen & Dehner P.A. invoiced dated July 31, 2021
- d.) Sawgrass Asset Management invoice dated July 8, 2021
- e.) AndCo Invoice dated June 30, 2021
- f.) Foster & Foster invoice dated August 10, 2021

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

6. 2022 PENSION BOARD PROPOSED MEETING DATES

All meetings begin at 11:00 a.m. in the City Hall Commission Chambers.

- February 28, 2022
- May 23, 2022
- August 22, 2022
- November 28, 2022

Motion: Mr. Fuller moved, Mr. Wilson seconded, and the motion carried 5-0 to approve the 2022 Meeting Dates for the Police Pension Board.

7. INVESTMENT REVIEW

Mr. Thinnes addressed Sawgrass Asset Management custodian fees of \$7,000 on page 55 of the Investment Performance Review and reported that Sawgrass will no longer pay \$4,000 toward the custodian fee, and the \$7,000 custodian fee will be paid by the Plan. Based on the budget and contract, Mr. Freeman and Attorney Christiansen stated that the \$7,000 custodian fee paid by the Plan will not be a problem.

Next, Mr. Thinnes presented the end of the quarter investment review. The Portfolio is valued at \$16.873M as of June 30, 2021 and this morning at \$17.500M. Also, the total fund is up 5.52% for quarter and 18.32% fiscal year to date.

Mr. Fuller asked what was done about the domestic equity that was overweight and needing rebalanced to stay in compliance. Mr. Thinnes replied that he did not rebalance back to target but within range.

Discussion ensued: Mr. Fuller questioned rebalancing within range versus target. Attorney Christiansen expressed his concern regarding out of compliance at the end of the fiscal year.

Police Officers' Pension Board Meeting

August 30, 2021

Page 3 of 5

Mr. Freeman addressed the domestic equity 0.4% overweight and asked how much needs to be taken out to get back in compliance and where to put it. Mr. Thinnes recommended 3% rebalance from domestic equity to domestic fixed income in compliance with the Investment Policy Statement.

Motion: Mr. Mathews moved, Mr. Fuller seconded, and the motion carried 5-0 to rebalance out of domestic equity 3% to reallocate to domestic fixed income.

Regarding the Board's inquiries, Mr. Thinnes will bring to the November 29, 2021 meeting, an Anchor analysis compared to other Managers, and small cap options, and how it will complement the current domestic equity allocations.

8. ACTUARIAL EXPERIENCE STUDY RESULTS

Doug Lozen, Foster & Foster, presented the results from the Experience Study, and the study is a part of the minutes. He stated that the Actuarial Valuation was approved at the November 2020 meeting. The current funded ratio is 92.7%, and the base City funded requirement is around 18% of payroll. Also, the investment assumptions was lowered to 7% about 3 years ago. Mr. Lozen advised that if there is a way to lower the investment assumption and the cost is fair to the City, it should strongly be considered.

Next, Mr. Lozen reviewed the summary page and explained each assumption. Mr. Fuller inquired if the investment return assumption was lowered to 6.75% the increase to the City will be 3.26 of payroll in the year following the adoption. Mr. Lozen reported that the average return assumption for the State is 7.1%, and Florida Retirement System (FRS) is 7%, and the State Actuary is recommending 6 – 6 1/2%.

Discussion ensued regarding the investment return assumption being lowered to 7.00% or 6.75% and when the changes will go into effect.

Motion: Mr. Fuller moved, Mr. Rotondo seconded, and the motion carried 5-0 to except the Experience Study and select option 8 moving to 6.75% with October 1, 2021 actuarial valuation.

9. FISCAL YEAR 2022 POLICE PENSION BUDGET

Motion: Mr. Mathews moved, Mr. Wilson seconded, and the motion carried 5-0 to adopt the fiscal year 2021-2022 Police Pension Plan Budget.

10. PROPOSED ORDINANCE 2021-14 INTERNAL REVENUE CODE CHANGES ACTION REQUEST:

Motion: Mr. Mathews moved, Mr. Wilson seconded, and the motion carried 5-0 to recommend adoption of Ordinance 2021-14 by City Commission.

Police Officers' Pension Board Meeting

August 30, 2021

Page 4 of 5

11. BENEFITS DISBURSEMENT APPROVAL

- a. DROP PARTICIPANT
 - Michael Stinson
- b. SEPARATED NON-VESTED EMPLOYEE
 - Edward Pope
- c. SEPARATED VESTED EMPLOYEE
 - None
- d. RETIRED EMPLOYEES
 - None
- e. DECEASED RETIREES
 - William Parrish
- f. DECEASED ACTIVE EMPLOYEE PAYOUT
 - None

Motion: Mr. Fuller moved, Mr. Mathews seconded, and the motion carried 5-0 to approve the Benefits Disbursements as presented.

12. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

- None

13. SEPARATED MEMBER ACKNOWLEDGEMENT (Informational Only)

- None

14. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen reported that form Board member Mr. Wilson did not file the Form 1F when he left public office and needs to be contacted.

Since it has been 2 years, Attorney Christiansen reported that the Summary Plan Description needs to be updated and requested the Board's authorization to have it done.

Motion: Mr. Freeman moved, Mr. Mathews seconded, and the motion carried 5-0 to authorize Attorney Christiansen to update Summary Plan Description.

Attorney Christiansen addressed the PF-29 form and stated that an employee may complete it to elect an optional form of benefit if they reach normal retirement and keep working, the can select an optional form of benefit which would be effective if the die before they retire.

Next, he mentioned the legal representation letter dated August 24, 2021 that was provided to the Board and stated that he will continue representing the Board.

Police Officers' Pension Board Meeting

August 30, 2021

Page 5 of 5

15. PLAN ADMINISTRATOR'S REPORT

Ms. Cochran provided information on the upcoming 2021 Fall Trustee School. Mr. Fuller inquired about the Certified Pension Plan Trustee (CPPT) renewal requirements, and Mr. Freeman replied that he will check on it.

Ms. Johnson, Salem Trust, requested a motion to have the Salem Trust July 2021 invoice for 2nd quarter covering April 1, 2021 through June 30, 2021 in the amount of \$1,000 be paid.

Motion: Mr. Rotondo moved, Mr. Wilson seconded, and the motion carried 5-0 to approve payment for Salem Trust July 2021 invoice for 2nd quarter covering April 1, 2021 through June 30, 2021 in the amount of \$1,000.

Mr. Freeman adjourned the meeting at 12:43 pm

MINUTES APPROVED: NOVEMBER 29, 2021

MIKE FULLER

MIKE FULLER

SECRETARY