

MINUTES
CITY OF PALMETTO
POLICE OFFICERS' PENSION BOARD OF TRUSTEES
NOVEMBER 28, 2022
11:00 A.M.

BOARD MEMBERS PRESENT:

Jim Freeman, Chair
Micah Mathews, Secretary
Mike Fuller
Robert Rotondo
Benjamin Schlabach (left the meeting at 12:04 pm)

STAFF AND OTHERS PRESENT:

Scott Christiansen, Board Attorney
John Thinnis, & Co Consulting
Doug Lozen, Foster & Foster (left the meeting at 12:04 pm)
Cassi Bailey, Assistant City Clerk/ Plan Administrator

Chair Freeman called the meeting to order at 11:00 am and conducted a roll call.

1. AGENDA APPROVAL

MOTION: **Mr. Mathews moved, Mr. Schlabach seconded, and the motion carried 5-0 to approve the November 28, 2022 Police Officers' Pension Board Agenda.**

2. PUBLIC COMMENT

None

3. APPROVAL OF MINUTES

MOTION: **Mr. Mathews moved, Mr. Schlabach seconded, and the motion carried 5-0 to approve the August 22, 2022 minutes.**

4. APPROVAL OF EXPENSES

a.) Christiansen & Dehner, P.A Invoices
10/31/22, 09/30/22, 08/31/22

b.) City of Palmetto Reimbursement
11/01/22
*Pension Fundamentals for New Trustees Program
*2023 Trustee School
*2023 FPPTA Membership
*CPPT Certificate Program

c.) Salem Trust Invoice
10/14/22

Police Officers' Pension Board of Trustees

November 28, 2022

Page 2 of 4

d.) Sawgrass Asset Management Invoice
10/14/22

e.) AndCo Invoice
09/30/22

f.) Florida Municipal Insurance Trust
09/12/22

g.) Foster & Foster Invoice
08/16/22 & 11/16/22

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

5. FY 2022 BUDGET TO ACTUAL PLAN EXPENSES

MOTION: Mr. Fuller moved, Mr. Rotondo seconded, and the motion carried 5-0 to approve the budget to actual plan expenses.

6. INVESTMENT REVIEW

John Thinnes, &Co Consulting, presented the end of the quarter investment review.

Mr. Thinnes highlighted the investment documents that were handed out, which were also included in the minutes. The changes to the portfolio over the past year were discussed. He believes that a recession is on its way. The Performance Review was briefly discussed. The Pie Charts on page 14 & 15 of the Investment Review packet were highlighted. With stocks and bonds both coming down significantly, real estate is a larger chunk of the pie than we are used to. As of this morning, the real estate piece is back under 14%. Mr. Thinnes noted that we have a well-diversified portfolio.

Mr. Fuller questioned if there is a specific percent for real estate in the Investment Policy Statement, IPS. Mr. Thinnes responded no, there is not, but the upper end is 15%. He highlighted page 2, showing a table which details the IPS targets and ranges. There is also a visual picture on Page 17 of what was discussed between Mr. Fuller and Mr. Thinnes. Mr. Thinnes went on to discuss the returns for the quarter which were down over 4%. The fiscal year number is around -16%. Both stocks and bonds were down, the only positive spot was real estate. Mr. Thinnes noted that the Managers are very diversified, the one area they have struggled with is growth. He brought a growth book search if the Board wants to open that discussion. International was highlighted, as it is currently up significantly, but as of the past quarter it was down. On the bonds side, there was nowhere to hide. Bonds for this quarter are currently up. Real Estate was the only positive piece in the portfolio, which was up 22%.

The International Search booklet, which was included in the minutes, was discussed. The plan's current manager is American Funds-Euro Specific Growth. The purpose of the booklet was to add another manager with more of a value tilt. Page 8 of the booklet was detailed. Mr. Thinnes thinks at some point they should cut half of our American Funds-Euro Specific Growth and add Peartree or Transamerica. This would allow them to diversify by adding a value manager that compliments growth.

Police Officers' Pension Board of Trustees

November 28, 2022

Page 3 of 4

Mr. Freeman liked the idea of diversifying. Mr. Thinnes believes we should either add a new manager now, or table it for a year. In theory, we would like our current manager to bounce back before we sell. He thinks 2023 will be a bumpy road. Mr. Thinnes recommended diversifying now if they're going to but was also fine with waiting a couple of quarters. Mr. Fuller wanted to wait 6 months to discuss it again. Mr. Mathews agreed.

Mr. Thinnes reported that the US growth market has been even crazier. T. Rowe Price is less than 10% of our fund but he would like them to keep an eye on it. He will send an electronic copy of the book for the Board's reference. Before this year, they were doing very well.

Mr. Freeman questioned page 20, fiscal year gross to net comparison. Manager fees, custodial fees, and consulting fees were discussed. Mr. Freeman asked if there is a way to package that in this report. Mr. Thinnes will draft something and bring it back to a future meeting.

7. 2022 ACTUARIAL VALUATION REPORT

Doug Lozen, Foster & Foster, presented the 2022 Actuarial Valuation Report, which was included in the minutes.

The impact of last year's investment loss was discussed. The current City contribution is 17.55% of payroll, which includes the recently approved cost of living adjustment, COLA. Next year's City contribution will be 20.39%. This reflects only partially the investment loss. They use a 4-year average for smoothing. He believes it will continue to go up for the next 2-3 years. Salary increases exceeded the assumptions, which also caused the City's contributions to increase. The only thing that changed over the prior year was the COLA. Mr. Lozen noted that it is still a well-funded plan. It's hovering around 90%. It will drop in the next couple of years, but it'll still be considered well-funded. The long-term assumption is 6.75%. Mr. Fuller asked what a "good" range for funding status is. Mr. Lozen said he likes to look at trends. He stated that we are in a good place by having a funded status that is as good as average, but a better than average funded assumption.

MOTION: Mr. Fuller moved, Mr. Schlabach seconded, and the motion carried 5-0 to accept the 2022 Actuarial Valuation Report.

MOTION: Mr. Mathews moved, Mr. Rotondo seconded, and the motion carried 5-0 based upon the advice of our consultant, the Board expects to get a 6.75% investment return for the next year, next several years, and the long term thereafter.

8. AD HOC UPDATE

Mr. Freeman gave an update indicating retirees received the Ad Hoc COLA and lump sum catch up effective with the December 2022 checks.

9. BENEFITS DISBURSEMENT APPROVAL

a. DROP PARTICIPANT

- None

b. SEPARATED NON-VESTED EMPLOYEE

- None

Palmetto Police Pension Board of Trustees

November 28, 2022

Page 4 of 4

- c. SEPARATED VESTED EMPLOYEE
 - None
- d. RETIRED EMPLOYEES
 - None
- e. DECEASED RETIREES
 - Stanley Fenton
- f. DECEASED ACTIVE EMPLOYEE PAYOUT
 - None

MOTION:

Mr. Fuller moved, Mr. Rotondo seconded, and the motion carried 4-0 moved to approve the Benefits Disbursements as presented.

10. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

None

11. SEPARATED MEMBER ACKNOWLEDGEMENT (Informational Only)

- None

12. ATTORNEY CHRISTIANSEN'S REPORT

Mr. Christiansen reminded the Board of the trustee seats that are expiring in January: Micah Mathews- elected and Robert Rotondo-appointed by the Commission.

The fiscal year-end report, pension letter 2, needs to be sent to the City Commission.

Mr. Christiansen also noted that the AndCo fee change addendum has been completed.

13. PLAN ADMINISTRATOR'S REPORT

Ms. Bailey reported that Salem Trust would be sending out documents to all the retirees explaining the new online portal system that will be available to them.

Mr. Freeman noted that there was a handout given to the board members from Foster & Foster, comparing our Pension plan to other plans in the State. This was for informational purposes only and was included in the minutes.

Chair Freeman adjourned the meeting at 12:10 pm.

MINUTES APPROVED: FEBRUARY 27, 2023

MICAH MATHEWS

MICAH MATHEWS

SECRETARY