

**MINUTES
CITY OF PALMETTO
POLICE OFFICERS' PENSION BOARD OF TRUSTEES
AUGUST 22, 2022
11:00 A.M.**

BOARD MEMBERS PRESENT:

Jim Freeman, Chair
Micah Mathews, Secretary
Mike Fuller
Robert Rotondo- Not Present
Benjamin Schlabach

STAFF AND OTHERS PRESENT:

Scott Christiansen, Board Attorney
John Thinnes, & Co Consulting
Cassi Bailey, Assistant City Clerk/Plan Administrator

Chair Freeman called the meeting to order at 11:01 am and conducted a roll call.

1. AGENDA APPROVAL

MOTION:

Mr. Fuller moved, Mr. Mathews seconded, and the motion carried 4-0 to approve the August 22, 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 4-0 to approve the May 23, 2022 minutes.

4. APPROVAL OF EXPENSES

- a.) FPPTA invoice dated 11/23/2021
- b.) Christiansen & Dehner, P.A. invoice dated 05/31/2022
- c.) AndCo invoice dated 06/15/2022
- d.) Christiansen & Dehner, P.A. invoice dated 06/30/2022
- e.) Salem Trust invoice dated 07/12/2022
- f.) Sawgrass Asset Management invoice dated 07/14/2022
- g.) Christiansen & Dehner, P.A. invoice dated 07/31/2022

MOTION:

Mr. Fuller moved, Mr. Mathews seconded, and the motion carried 4-0 to ratify the paid expenses as presented.

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5. INVESTMENT REVIEW

John Thinnes, &Co Consulting, presented the end of the quarter investment review. The investment performance review was discussed. He highlighted his thoughts on inflation and what he anticipates the Fed doing. He believes we are only halfway there. He stated that a lot depends on what the Fed will do with interest rates. He also stated that we only have a little over a month to go before our Actuarial will smooth things out. He highlighted the document which was included in the Agenda. Individual Managers were discussed. Over the last few years, we have really diversified the portfolio. Stocks and bonds have both gone down dramatically. Real Estate is the only bright spot in the portfolio today. Our portfolio is down -12% for the fiscal year.

Mr. Fuller questioned the Peer Group Analysis on page 33. Mr. Thinnes responded that growth has hurt us. Anchor and Sawgrass were in our portfolio for a long time, but we have cut bait with them. Mr. Thinnes opined that he likes the corrections they have made in the portfolio. Mr. Fuller stated that maybe the lesson here is not to hold onto the Managers for too long. Mr. Thinnes responded that if you like a Manager, don't like them for being defensive or aggressive, but for their long term trends.

The International Search was discussed. He believes that Pear Tree and Transamerica will be the right way to go. The goal is to cut Euro Pacific in half and use the other half towards Pear Tree or Transamerica. Page 3 shows all five options. He discussed each ones' fee schedule. Emerging markets were discussed. The charts on page 7 of the international equity review were highlighted. This document was included in the Agenda. He stated that Dodge & Cox have done tremendously well the last couple of years, but he thinks over the long term, they are not the right one to choose.

Discussions continued regarding our current manager for International. Mr. Thinnes would recommend adding at least one more manager in that section. He likes Euro Pacific, but he would like to diversify it a little and add at least another manager. Mr. Fuller would like to do this, but he wants to put it off for the next meeting.

Mr. Freeman agreed with the diversification. He asked Mr. Thinnes for his recommendation on waiting. Mr. Thinnes responded. The Board agreed to discuss diversifying International at the next meeting.

Private Equity was discussed. A handout was gone over, which is included in the record. Mr. Thinnes believes if we add private equity to our portfolio, it will bring it up .3%. If we commit a million dollars, they are expecting to get .3% over the next 5-10 years. This is a 10 year plus commitment. This is a commitment to private equity for the long term. It was clarified that it is a million-dollar commitment, but it will not be given all at once. There will be money coming in and out. Mr. Freeman questioned if this would be considered an alternative class. Mr. Thinnes confirmed it was. If they decided to allocate this money, it would be taken from stocks. He stated that although they are committing a million dollars, only \$500,000 would probably be called for. The commitment will always be more than what is being pulled. It is a cycle in which we will give a percent, then we will receive money back. We will never give out a million at one time. If they move forward, Mr. Thinnes suggests using Taurus. They are going to use a fund-to-fund structure. Their focus is the buyout market. The board asked Mr. Thinnes what his recommendation was. He stated that it is a commitment, and most likely the Board will not be here when they start seeing the returns. He does believe it will add value, but it will take time.

Mr. Fuller gave his opinion. He would like to take the document, and study it for the next meeting.

Attorney Christiansen suggested having a Taurus representative come and give a presentation.

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Mr. Fuller would like Mr. Thinnes to provide the Board with some basic knowledge about private equity. Mr. Thinnes stated that he will get the document for the Board.

Mr. Thinnes recapped the discussion. The Board liked the 2 international managers, and further discussion will be had at the next meeting. A basic explanation of private equity will be provided before the next meeting. They like the private equity numbers in theory.

Mr. Thinnes mentioned that &Co's fee is a flat fee. They would like to ask for an increase. For clients that have private equity, the fee is higher. The number is supposed to be around \$30,000. His company wanted him to ask for around \$40,000. The current fee for the Pension is at \$22,500. Mr. Freeman asked for clarification as to why the private equity fee is significantly more. Mr. Thinnes responded that it is more work for the analysts. The last time the fee was adjusted was 3 years ago. He then suggested \$25,500 for the next 3 years.

Motion: Mr. Fuller moves, Mr. Schlabach seconds, and the motion carried 4-0, to increase the fee by \$3,000 for the next 3-years and authorize Attorney Christiansen to do an addendum.

6. PROPOSED ORDINANCE 2022-12 AMENDING THE CITY OF PALMETTO POLICE OFFICERS' RETIREMENT SYSTEM

AN ORDINANCE OF THE CITY OF PALMETTO, FLORIDA, AMENDING CHAPTER 22, PERSONNEL, ARTICLE V, POLICE OFFICERS' RETIREMENT PLAN, OF THE CODE OF ORDINANCES OF THE CITY OF PALMETTO; AMENDING SECTION 22-176, BENEFIT AMOUNTS AND ELIGIBILITY; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING AN EFFECTIVE DATE.

MOTION: Mr. Fuller moved, Mr. Mathews seconded, and the motion carried 4-0 to recommend Ordinance 2022-12 to the City Commission for approval.

7. 2023 PENSION BOARD PROPOSED MEETING DATES

MOTION: Mr. Mathews moved, Mr. Freeman seconded, and the motion carried 4-0 to approve the 2023 Meeting Dates for the Police Officers' Pension Board.

8. FY23 POLICE PENSION BUDGET

MOTION: Mr. Fuller moved, Mr. Mathews seconded, and the motion carried 4-0 to adopt the fiscal year 2022-2023 Police Pension Plan Budget with the amendment of the Investment consultant to \$25,500.

9. BENEFITS DISBURSEMENT APPROVAL

MOTION: Mr. Mathews moved, Mr. Schlabach seconded, and the motion carried 4-0 to approve the Benefits Disbursements as presented.

a. DROP PARTICIPANT

- None

b. SEPARATED NON-VESTED EMPLOYEE

- Lucciano Diaz (Rollover)
- Kevin Gonzalez (Rollover)

c. SEPARATED VESTED EMPLOYEE

- None

d. RETIRED EMPLOYEES

- Michael Kelly

e. DECEASED RETIREES

- None

f. DECEASED ACTIVE EMPLOYEE PAYOUT

- None

10. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

- Joel Hosein
- Jonathan Taylor

11. SEPARATED MEMBER ACKNOWLEDGEMENT (Informational Only)

- Kevin Chastin

12. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen mentioned that Mr. Schlabach was not listed for the financial forms that were due in July because he is a new member. However, Mr. Schlabach has filed this year. Matt Wilson, who was previously on the board, had not yet filed his Form 1F yet. Mr. Schlabach and Ms. Bailey were going to follow up with him.

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Attorney Christiansen mentioned that the State money in which they will receive will be less this year. He asked if the annual report was approved. Mr. Freeman will check on that. Attorney Christiansen reminded the Board that the money needs to be turned over by the City within 5 days of receiving it from the state to the pension fund.

13. PLAN ADMINISTRATOR'S REPORT

Ms. Bailey requested authorization from the Board to attend the FPPTA Conference and enroll in the CPPT Program.

MOTION: Mr. Freeman moved, Mr. Fuller seconded, and carried 4-0 for Ms. Bailey to attend the FPPTA Conference and enroll in the CPPT Program split 50% with the General Pension Board.

Ms. Bailey mentioned to the Board that she contacted Salem Trust regarding the Online Portal system, but she has not heard back from them. More information will be forthcoming.

Mr. Fuller asked Ms. Bailey to check on the CE requirements he needs for the CPPT program.

Chair Freeman adjourned the meeting at 12:48 pm.

MINUTES APPROVED: NOVEMBER 28, 2022

MICAH MATHEWS

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SECRETARY