

MINUTES
CITY OF PALMETTO
POLICE OFFICERS' PENSION BOARD OF TRUSTEES
MAY 22, 2023
11:00 A.M.

BOARD MEMBERS PRESENT:

Jim Freeman, Chair
Micah Mathews, Secretary (Not Present)
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 11:00 am and conducted a roll call.

1. AGENDA APPROVAL

MOTION: **Mr. Fuller moved, Mr. Schlabach seconded, and the motion carried 3-0 to approve the May 22nd, 2023 Police Officers' Pension Board Agenda.**

2. PUBLIC COMMENT

None

3. APPROVAL OF MINUTES

MOTION: **Mr. Fuller moved, Mr. Freeman seconded, and the motion carried 3-0 to approve the February 27th, 2023 minutes.**

4. APPROVAL OF EXPENSES

- a.) Christiansen & Dehner, P.A. invoices dated 02/28/2023, 03/31/2023, 04/30/2023
- b.) Salem Trust invoice dated 03/31/2023
- c.) AndCo invoice dated 03/15/2023
- d.) Sawgrass Asset Management invoice dated 04/10/2023
- e.) City of Palmetto Reimbursement
- f.) Foster & Foster invoice dated 05/10/2023

MOTION: **Mr. Schlabach moved, Mr. Fuller seconded, and the motion carried 3-0 to ratify the paid expenses as presented.**

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5. INVESTMENT REVIEW

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

Mr. Thinnnes discussed the investment review, which was included in the Agenda. He didn't anticipate the FED lowering their interest rates anytime soon. We have a well-diversified portfolio. For the quarter, we are up about 4% and for the fiscal year we are up 9.54%. We are about halfway through our fiscal year. Individual funds were highlighted, and bonds were discussed. Real estate is the negative part of the fund, reversal this year. They are down negative 9% for the fiscal year. He is hopeful to end on a positive note at the end of September.

Mr. Fuller asked about a previous discussion from February's meeting regarding principal real estate and a peer group analysis. Mr. Thinnnes responded that with real estate, he doesn't suggest moving into a new group. There is the possibility of moving into a real estate that's not core. He didn't have anything ready to present today because it is still working through their process. He doesn't want to switch to another core fund. Mr. Fuller also questioned the allocation of real estate. Mr. Thinnnes agreed that the current allocation of 12.9% is too much. The goal is to lower it, but right now the funds aren't giving the money back. It is a co-mingled fund. They discussed redemption possibilities. He thinks the target allocation of 10% is even too high. Mr. Thinnnes discussed how we got to this point. He re-iterated that 12.9% is too much. The only real solution right now is to put in for a full redemption, which will take time. They can then re-evaluate the allocation for real estate. Mr. Fuller suggested circling back at the next meeting and talk about the allocation. Mr. Thinnnes gave his thoughts and suggested putting in for a full redemption. It will take possibly a year to receive the redemption.

Mr. Freeman agreed with a lot of the things that were previously stated. It will take time to get the allocation down. He asked for Mr. Thinnnes recommendation. Mr. Thinnnes said it makes sense to put in for the full redemption now. In August they can create a game plan for moving forward. Mr. Freeman asked Attorney Christiansen about the current contracts and redemption timeframe. Mr. Christiansen stated that these funds have full discretion as to when they will refund their money. This is to protect the investors in the fund.

MOTION: Mr. Fuller moved, Mr. Schlabach seconded, and the motion carried 3-0 to put in for a full redemption for the Principal US property account.

6. PROPOSED ORDINANCE 2023-09 ORDINANCE AMENDING PENSION PLAN (ATTORNEY CHRISTIANSEN)

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 22-171, DEFINITIONS; AMENDING SECTION 22-174, FINANCES AND FUND MANAGEMENT; AMENDING SECTION 22-186, MINIMUM DISTRIBUTION OF BENEFITS; AMENDING SECTION 22-195, PRIOR POLICE SERVICE; AMENDING SECTION 22-197, MILITARY SERVICE PRIOR TO EMPLOYMENT; AMENDING SECTION 22-200, SUPPLEMENTAL BENEFIT COMPONENT FOR SPECIAL BENEFITS, CHAPTER 185 SHARE ACCOUNTS; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING AN EFFECTIVE DATE.

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Attorney Christiansen highlighted the changes that are being proposed in the Ordinance. These highlights were included in the Agenda. Attorney Christiansen also spoke about re-amortizing annually to reflect changes in the interest rate. He wants to make this adjustment and get rid of the words "and shall be re-amortized" and put a period after the first payment, in both sections for both prior government and prior military. That way they will do a chart using the assumed rate of return at the date the payment period begins and it will stay the same for the entire period.

MOTION:

Mr. Schlabach moved, Mr. Fuller seconded, and the motion carried 3-0 to make the changes as presented by Attorney Christiansen and direct Attorney Christiansen to finalize the Ordinance to send to the City Commission for adoption.

7. BENEFITS DISBURSEMENT APPROVAL

a. DROP PARTICIPANT

- None

b. SEPARATED NON-VESTED EMPLOYEE

- None

c. SEPARATED VESTED EMPLOYEE

- None

d. RETIRED EMPLOYEES

- Duane Kauffman (04/30/2023)

e. DECEASED RETIREES

- None

f. DECEASED ACTIVE EMPLOYEE PAYOUT

- None

MOTION:

Mr. Schlabach moved, Mr. Fuller seconded, and the motion carried 3-0 to approve the benefit disbursements as presented.

8. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

- None

9. SEPARATED MEMBER ACKNOWLEDGEMENT (Informational Only)

- None

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10. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen noted that at the August meeting they will need to re-appoint officers. He also provided a reminder to the Board that their financial disclosure forms are due by July 1st. Mr. Christiansen went on to discuss the new legislation, House Bill #3 which was recently adopted and signed by the Governor. It eliminates the ability to consider ESG (Environmental Social Governance Issues) when considering investments. There will be reporting that needs to be done, but it is unclear what that will entail. Mr. Thinnis responded saying that they only use pecuniary data, not ESG factors. Therefore, nothing will change in his operations.

11. PLAN ADMINISTRATOR'S REPORT

Nothing additional to report.

Chair Freeman adjourned the meeting at 11:50 am.

MINUTES APPROVED: AUGUST 28, 2023

MICAH MATHEWS

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SECRETARY