

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
January 25, 2024**

Approved _____

Approved _____

The meeting was called to order at 8:33 AM.

1. Roll Call

Barry Schinder – present
Roland Berrios – present
Van Szeto - present
Jason Chockley – present
Vacant

Guests

Brad Hess – AndCo Consulting
Margie Adcock– Pension Resource Center
Piotr Krekora-GRS
Marc Davis - Sawgrass Asset Management
Richelle Cook – American Realty
Irwin Williams - Finance Director
Tena Granit – Awaiting Appointment to Board
Mike Nadeau – Awaiting Appointment to Board

2. Public Comments

There were no public comments.

4. Presentations

A. American Realty –Richelle Cook

Ms. Cook provided a brief background on the firm. They have \$12.2 billion assets under management. She stated that there have been no major updates in the structure of the firm and no personnel changes. They are headquartered in Los Angeles with 6 offices in the United States. They added an office in New York and their research team is located there. They are 100% employee owned and have 600 institutional investors.

Ms. Cook reviewed the performance of the American Core Realty Fund. This is their open-ended flagship fund. The total market value of the Fund's portfolio as of December 31, 2023 was \$5,695,300. Ms. Cook reviewed performance as of December 31, 2023. The portfolio was down 6.23% while the benchmark was down 5.01%. She stated that this is the highest negative return they have had in over three years. Real estate is reflective of what has happened in the economy. They wrote down properties in the quarter, which is happening with all commercial real estate managers. Since inception of January 3, 2011 the portfolio was up 7.37% while the benchmark was up 7.72%.

Ms. Cook stated that the American Core Realty Fund has a \$7.88 billion gross assets under management. It is a very diversified portfolio. There are 88 investments. The leveraging is about 23.2% and they are 92.9% leased. It is a strong portfolio. However, there are a couple problematic properties. One is an office building in Portland where there is a lot of geopolitical unrest. They only have 30% occupancy and have been unable to sell it at this point. The other property is in Seattle. Amazon moved out of that building and they had some life science potential tenants that were going to move in but then Covid happened. They love the building so are holding on to it for now.

Ms. Cook reviewed their diversification across markets and property types. Their highest sector weighting is in industrial at 36.3%. She noted that retail is their best performer right now. She reviewed their 2022 and 2023 investment activity. She provided their outlook. They have a strong and diversified portfolio with strong leases. They are starting to see transactions pick up. They thought they would see more by now, but they are seeing opportunities. She thinks they will see positive returns beginning in the quarter ending September 30, 2024.

B. Sawgrass Asset – Marc Davis– Quarterly Presentation

Mr. Davis stated that he was the co-manager on the diversified large cap growth portfolio. He reported on performance for the quarter ending December 31, 2023. The total market value of the portfolio was \$15,204,464 as of December 31, 2023. The total portfolio was up 8.04% net of fees for the quarter while the benchmark was up 9.04%. The large cap growth portfolio was up 11.53% while the benchmark was up 12.92%. The small cap growth portfolio was up 10.74% while the benchmark was up 12.75%. The fixed income portfolio was up 4.62% while the benchmark was up 4.56%. Mr. Davis stated that they protect on the downside and participate when markets are up. There has been a lot of volatility along the way but they have been able to provide pretty attractive returns along the way as well.

Mr. Davis discussed the large cap growth portfolio. He reviewed the portfolio characteristics and sector weightings. He reviewed their top ten holdings. They have 49 holdings while the Index has 443 holdings. He discussed the Magnificent 7 concentration. He stated that the massive 2023 returns were required for most of the Magnificent 7 (Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla and Meta) to break even from their 2022 losses. He stated that he expects the markets to start broadening. He stated that he is comfortable with the present positioning of the portfolio.

Mr. Davis discussed the fixed income portfolio. He stated that the market was suggesting a slowdown. Inflation has not gotten to a point where the Fed says it is done increasing interest rates. There was discussion on the markets and the Fed right now. He thinks the markets are going to be much slower.

C. AndCo Consulting – Brad Hess

1. Quarterly Investment Report

Mr. Hess provided a market overview for the quarter ending December 31, 2023. He stated that it was a tremendous start to the fiscal year. He reported on the performance for the quarter ending December 31, 2023. The total market value as of December 31, 2023 was \$41,819,406. He reviewed the asset allocation. Domestic equities were at 53.5%; domestic fixed income was at 29.8%; real estate was at 13.6%; and cash was at 3.0%. He stated that he had no recommendation to rebalance at this time.

Mr. Hess reported on the performance for the quarter ending December 31, 2023. The Fund was up 5.57% net of fees for the quarter while the benchmark was up 6.90% net of fees. Total equities were up 10.25% for the quarter while the benchmark was up 11.91%. Total fixed income was up 4.40% for the quarter while

the benchmark was up 4.56%. Total real estate was down 6.24% for the quarter while the benchmark was down 4.83%.

Mr. Hess reviewed the specific performance of the managers for the quarter ending December 31, 2023. The total Highland Capital portfolio was up 7.15% net of fees for the quarter while their benchmark was up 8.10%. The total Sawgrass portfolio was up 8.01% net of fees for the quarter while their benchmark was up 9.87%. With respect to equities, Highland Capital was up 9.36% while their benchmark was up 10.23%; Sawgrass was up 11.33% while their benchmark was up 12.97%; and Clarkston was up 8.77% while their benchmark was up 13.35%. With respect to fixed income, Highland Capital was up 4.20% and Sawgrass was up 4.57% while their benchmarks were up 4.56%. American Realty was down 6.24% for the quarter while the NCREIF was down 4.83%. Mr. Hess stated that things are working well. The Fund has a conservative nature given it is a closed plan. This is an appropriate structure for this Plan. He stated that all of the managers performed in line with their expectations in this type of environment.

Richelle Cook and Marc Davis departed the meeting.

D. GRS – Actuarial Valuation- Piotr Krekora

Mr. Krekora appeared before the Board to present the Actuarial Valuation as of October 1, 2023. He stated that the Valuation sets forth the employer contribution for the fiscal year ending September 30, 2025. The total required contribution is \$539,788, with \$513,539 from the City and \$26,249 from BSO. He stated that there was an increase in the contribution amount from the prior year. He stated that there were no actuarial assumption changes. The assumed rate of return remained at 6.5%. It was noted that the amortization of the unfunded actuarial accrued liability was reduced from 17 years to 16 years as of October 1, 2023. This amortization period will continue to be reduced by one year each year. There were no revisions in benefits since the prior Valuation. The funded ratio was 93.0% versus 94.0% last year.

Mr. Krekora stated that there was a net actuarial loss of \$801,093. The losses were primarily due to lower than assumed mortality and the phase-in of prior years' investment returns below the assumed rate of 6.5%. The actual investment return was 7.3% based on the market value of assets and 6.21% based on an actuarial basis. He reviewed the low-default risk obligation measure which is a new standard requirement that needs to be included in the Valuation. He reviewed the actuarially determined employer contribution. He reviewed the development of actuarial value of assets. He stated that the Fund will be recognizing a \$1 million loss in 3 years in 2026 due to the loss from 2022. The next two years should be fairly similar to this year, but the third year will be much higher due to the recognition of the \$1 million loss, assuming everything else remains the same.

Mr. Berrios made the motion to approve the Actuarial Valuation as of October 1, 2023. The motion was seconded by Mr. Szeto and approved unanimously by voice vote.

It was noted that the Board needed to formally determine the expected rate of return for the short term and long term, as is required by the State. It was noted that the Board just approved the return of 6.50% in the Valuation.

Mr. Berrios made the motion to determine the expected rate of return using the rate of 6.50%. The motion was seconded by Mr. Szeto and approved unanimously by voice vote.

3. Approval of Minutes Summary for Meeting of October 26, 2023.
The minutes of the meeting of October 26, 2023 were reviewed.
Mr. Szeto made the motion to approve the minutes of the meeting of October 26, 2023. The motion was seconded by Mr. Chockley and approved unanimously by voice vote.

- 4A. Bills and Warrants
 - A. Pension Resource Center–For administrative services for November and December 2023, January 2024-\$8,708.64
 - B. KKJL – For legal services for October 2023 - \$245.00
 - C. AndCo – Quarterly Fee for period ending 12/31/23 - \$10,958.08
 - D. Clarkston Capital – Quarterly Fee for period ending 12/31/23 - \$9,999.00
 - E Highland Capital Management – Quarterly Fee for period ending 12/31/23 - \$15,517.47
 - F. Sawgrass Asset Management–Quarterly Fee for period ending 12/31/23-\$20,906.14
 - G. FPPTA – 2024 Membership Dues - \$750.00
 - H. FPPTA - CPPT Dues 2024 - \$62.00
 - I. FPPTA – Winter 2024 School Registration for J. Chockley - \$850.00
 - J. Rosen Centre Hotel – Hotel Reservation for J. Chockley for attendance at FPPTA Winter School - \$597.00

Mr. Berrios made the motion to approve items A-J. Mr. Szeto seconded the motion, which passed unanimously by voice vote.

- 4B. Benefit Approvals
 - A. DROP Distributions –George Garba 9/30/23 balance less 10% holdback (\$264,801.63); James Bowman monthly recurring distribution (change from \$415.00 monthly to \$100.00 annually beginning January 1, 2024 forward)
Mr. Szeto made the motion to approve item A. Mr. Berrios seconded the motion, which passed unanimously by voice vote.

6. Report on Fund Activity as of November 30, 2023.
The Board was provided an unaudited financial statement as of November 30, 2023. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.

7. Plan Administrator –Margie Adcock
 - A. There was discussion regarding the ability to change a joint survivor. At the last meeting it was noted that a couple inquiries had been recently received from retirees asking if they could change their joint survivor. The Board decided to ask

the Attorney for a legal opinion on whether a retired member could change their joint survivor. The Board was provided with a legal opinion dated January 22, 2024 advising that retirees can change their joint annuitant in two instances: divorce where the joint survivor is the spouse and under the pop-up option if the joint survivor predeceases the retiree.

- B. The Board was provided with information regarding the status of City Trustee Appointments and Vacancies. It was noted that Tena Granit and Mike Nadeau have been appointed by the City Manager and are on the February 13, 2024 City Agenda for approval.
- C. There was discussion on the need for the Board to appoint a new Chair as Barry Schinder would be leaving the Board upon the official appointment of the new City Trustees.
Mr. Szeto made the motion to appoint Roland Berrios as Chair once Mr. Schinder is no longer on the Board. Mr. Chockley seconded the motion, which passed unanimously by voice vote.
- D. There was discussion on the need of the Board to appoint a new Secretary as Mr. Berrios held the position of Secretary and would now be holding the position of Chair.
Mr. Berrios made the motion to appoint Van Szeto as Secretary. Mr. Chockley seconded the motion, which passed unanimously by voice vote.
- E. The Board was provided with certification from the Resource Centers that they successfully completed their SSAE SOC 1 Audit and received a clean opinion as of September 30, 2023.
- F. It was noted that the Fiduciary Liability Insurance Policy was due to expire on March 3, 2024.
Mr. Szeto made a motion to renew the Fiduciary Liability Insurance Policy. Mr. Berrios seconded the motion, which passed unanimously by voice vote.
- G. Ms. Adcock reported that the comprehensive report that was required to be filed by House Bill 3 was filed prior to the December 15th deadline.

8. Old Business

There was no old business.

9. New Business

- A. Attorney Memorandum Regarding 2024 Online Form 1 Filing
The Board was provided with a Memorandum from the Attorney dated January 2024 regarding filing Form 1 and Form 1F online.
- B. Salem Trust – Information Regarding Incorrect Deposit
The Board was provided with documentation and information regarding an incorrect deposit that Salem Trust posted to the Fund's account. The deposit should have been for a different City pension plan. The deposit was removed and Salem was inquiring about also deducting the interest earned on that deposit. However, after discussing this matter further with Salem, Ms. Adcock advised that Salem is going to make the other City pension plan whole for the incorrect deposit.
- C. The Board was provided with a notice from Clarkston regarding a personnel change. Mr. Hess stated that the COO left the firm. He was not involved in the

investment team. This will have no impact on the Fund. He stated that he did not have any recommendation to make any changes.

- D. Ms. Adcock and Mr. Krekora discussed an issue regarding the DROP Statements for Luis DeLaFlor. It was noted that Mr. DeLaFlor left employment in July 2022 but did not advise the Fund until December 2022. He was set up in January 2023 for a payment retroactive to August 2022. However, his DROP Statement credited him for deposits for August and September 2022. As such, when he received his DROP distribution, he was overpaid for August and September 2022. The Board was provided with corrected DROP Statements as of September 30, 2022 and September 30, 2023 showing an overpayment of \$2,939.99. There was a lengthy discussion. The Board asked Ms. Adcock to contact Mr. DeLaFlor and allow him to pay back the overpayment either as a lump sum or over a period of time.

11. Adjournment

There being no further business before the Board, A motion was made and seconded, and the meeting was adjourned.