

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
December 3, 2021**

Approved _____

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The electronic meeting was called to order at 8:35 AM.

1. Roll Call

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

Guests

John McCann & Brad Hess – AndCo Consulting
Margie Adcock– Pension Resource Center
Steve Stack – Highland Capital
Adam Levinson - KKJL, Attorney
Natasha Mazzie – Assistant Finance Director

2. Welcome New Trustee Jason Chockley

The Board welcomed new Trustee Jason Chockley.

5. Presentations

C. KKJL, Attorney – Adam Levinson

Mr. Levinson appeared before the Board. He discussed the City's ability to make changes to a closed plan. It was noted that at the September City Commission meeting, the Commission questioned about the options they had to make changes to the closed legacy plans. At least one Commissioner asked about the legacy plans and what could be done to modify them. Mr. Levinson stated that the members in this Plan elected to be members in the Plan because they had the option to go to FRS. To that extent, everyone is effectively vested. The election creates a reliance interest. As such, they are all effectively vested because it is a closed plan. He stated that they work very closely with the City Attorney regarding pension plan items. He stated that he reviewed the Valuations. The Valuations show the funded ratio to be about 90%. The assumed rate is 6.6% and is going to 6.5% next year. He assumed that the rate will not be lowered any further once it is at 6.5%. It was noted that FRS is at 6.8%. Mr. Levinson stated that the Plan is healthy. It has a conservative assumed rate and a high funded ratio. As the assumed rate is lowered, the City has to put more money in the Plan.

The Board was provided with emails from the Attorney from 2007 when the question was asked about what could be done to change benefits. Mr. Levinson stated that a similar question is being asked now. He stated that today the legal answer is even clearer. He reviewed their legal opinion from 2007. He stated that benefits cannot be changed retroactively. No one can change what has been accrued. It has never been the case that one can change what has already been accrued. It is more complicated with respect to prospective changes. The law is less clear historically. There is no language in the Plan reserving rights to make changes. Nothing has changed in their legal opinion since 2007. Mr. Levinson stated that their office has communicated with the City Attorney. Mr. Levinson stated that there is nothing meaningful that can be changed to this Plan. He stated that their advice to the City is to not make any

retroactive or prospective changes or a lawsuit would be warranted. There was a lengthy discussion.

Natasha Mazzie entered the meeting.

Mr. Levinson stated that he does not normally attend the Board meetings unless he is asked to do so. He stated that he likes not having to come to Board meetings. This is a well-managed Plan and there are not too many legal issues. He stated that his office can work behind the scenes to help the City with the education process. There was discussion on the DROP and whether the City could lower pay after someone enters the DROP. Mr. Levinson stated that this is more of a gray area. He stated that pay is not a pension item. Normally pay is an item that get negotiated but there is no Union here. Pay relates to pension but is not a pension issue. There was discussion on whether the City could end the DROP. Mr. Levinson stated that because the DROP is really a retirement the City cannot touch the pension, which is the DROP balance. The City cannot take away a member's DROP participation. If a member has completed two years of a maximum five year DROP, they can stay for the remaining three years. The City cannot touch the DROP for existing DROP members but can make changes for those in the future. Mr. Levinson stated that he thinks this is a little more of a gray area in this case as it is a closed plan. He stated that it will not save the City any money to get rid of the DROP.

It was noted that another issue came up regarding a terminated vested member. The member was entitled to retire in June 2019, but for whatever reason did not submit paperwork until recently. Mr. Levinson noted that the Plan provides that the benefit is payable when a member reaches normal retirement age. He recommended the member be paid a retroactive benefit back to his normal retirement date. He noted that no interest would be allowed on the retroactive amount as the Plan does not provide for that.

Adam Levinson departed the meeting at 9:15 A.M.

A. Highland Capital – Steve Stack– Quarterly Presentation

Mr. Stack reviewed the investment performance for the quarter ending September 30, 2021. He stated that October and November were kind of a wash. The portfolio is flat compared to where it was at in September. The total market value of the portfolio as of September 30, 2021 was \$16,521,126. The Value portfolio was down 1.37% while the Russell 1000 was down .78%. International was down 1.35% while the benchmark was down 2.99%. Fixed income was up .37% while the benchmark was up .05%. Mr. Stack reviewed the domestic equity sector allocation. He noted that they were underweight in health care. He stated that last night the Fed approved a stop gap to keep the government open until February which should help the portfolio. He stated that for the international portfolio, what hurt two quarters ago helped this quarter, which was their exposure to Japan and their underweight to emerging markets. Mr. Stack reviewed fixed income. He stated that they are overweight corporate

bonds and mortgage pools and underweight in US Treasuries. He thinks the way the portfolio is structured that they are in a good spot. He stated that the portfolio will probably not change much.

B. AndCo Consulting – John McCann and Brad Hess

1. Quarterly Investment Report

John McCann reminded the Board that he would be retiring effective December 31, 2021. He advised that Brad Hess would be taking over as the Monitor for this Plan. Mr. Hess provided a brief background. He stated that he has been with AndCo since 2016, but has more than 20 years experience. He stated that he has a decent amount of experience in consulting and a pretty good amount of experience in evaluating money managers and putting together portfolios.

Mr. Hess reported on the performance for the quarter ending September 30, 2021. The total market value as of September 30, 2021 was \$44,276,339. He reviewed the asset allocation, noting that it is a little off. Domestic equities was at 65.3% as of September 30, 2021 but up to 66% as of yesterday. Domestic fixed income was at 20.8% as of September 30, 2021 but up to 22% as of yesterday. Real estate was at 11% as of September 30, 2021. Cash was at 2.8% as of September 30, 2021 and down to 2.7% as of yesterday. Mr. Hess stated that the portfolio is underweight in real estate and cash. He recommended selling some equities and adding it to real estate and cash. There was a lengthy discussion. Mr. Hess stated that real estate is a good diversifier. It does not act like equities or fixed income and produces good returns. He stated that adding more to real estate as a fixed income alternative is attractive. It was noted that the Fund is good for almost 6 months with the current cash position. Mr. Hess recommended taking 4% from equities and adding 2% to real estate and 2% to fixed income. Mr. Hess stated that he would take one-third from each equity manager to fund the rebalance. He recommended putting the money for real estate in cash until it is called.

Mr. Berrios made the motion to rebalance the portfolio by taking 4% from equities and adding 2% to real estate and 2% to fixed income. Mr. Szeto seconded the motion, which passed unanimously by voice vote.

Mr. Hess reported on the performance for the quarter ending September 30, 2021. The Fund was down 1.06% net of fees for the quarter while the benchmark was up .27% net of fees. Total equities were down 2.28% for the quarter while the benchmark was down 1.14%. Total fixed income was up .22% for the quarter while the benchmark was up .02%. Total real estate was up 5.33% for the quarter while the benchmark was up 6.95%.

Mr. Hess reviewed the specific performance of the managers for the quarter ending September 30, 2021. The total Highland Capital portfolio was down .98% net of fees for the quarter while their benchmark was down .78%. The total Sawgrass portfolio was up .27% net of fees for the quarter while their benchmark was down .24%. With respect to equities, Highland Capital was down 1.39% while their benchmark was down 1.25%; Sawgrass was up .55% while

their benchmark was down .43%; and Clarkston was down 8.02% while their benchmark was down 2.68%. Mr. Hess noted that Clarkston underperformed for the quarter. He stated that they will not look like the Index. He stated that they have such a concentrated portfolio. He stated that two of their stocks did not perform well which hurt their portfolio. He stated that he thinks their numbers are in line with AndCo's expectations and they are not concerned. Their opinion is that Clarkston is doing what the Board hired them to do. With respect to fixed income, Highland Capital was up .34% and Sawgrass was up .11% while their benchmarks were up .02%. American Realty was up 5.33% for the quarter while the NCREIF was up 6.95%. Mr. Hess stated that the Fund has had a tremendous result for the fiscal year.

Mr. McCann stated that the Board was in good hands with Mr. Hess. He stated that this is his last meeting as he is retiring at the end of the year. He thanked the Board for the past 23 years.

John McCann, Brad Hess and Steve Stack departed the meeting.

6A. Bills and Warrants

- A. GRS – For actuarial services for periods ending 9/30/21 -\$7,626.00
- B. Pension Resource Center–For administrative services for August, September and October 2021 -\$8,437.87
- C. AndCo – Quarterly Fee for period ending 9/30/21 - \$9,939.30
- D. Clarkston Capital – Quarterly Fee for period ending 9/30/21 - \$13,819.00
- E. Highland Capital Management – Quarterly Fee for period ending 9/30/21 - \$17,680.10
- F. Sawgrass Asset Management–Quarterly Fee for period ending 9/30/21-\$21,895.72
- G. Van Szeto – Reimbursement for FPPTA October School Registration - \$750.00
- H. Sawgrass Marriott – Hotel Reservations for V. Szeto for FPPTA October School - \$558.00

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

6B. Benefit Approvals

- A. Application to Retire – Richard Jimenez
- B. DROP Distributions – Gerardo Gonzaga 6/30/21 final balance (\$10,016.00); Robert Martin partial distribution (\$15,000);
- C. Vested Deferred Benefit – Clifford Stoner (Retirement date June 1, 2019)

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

4. Approval of Minutes Summary for Meeting of July 22, 2021.

The minutes of the meeting of July 22, 2021 were reviewed.

Mr. Chockley made the motion to approve the minutes of the meeting of July 22, 2021. The motion was seconded by Mr. Szeto and approved unanimously by voice vote.

7. Report on Fund Activity as of September 30, 2021.
The Board was provided an unaudited financial statement as of September 30, 2021. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.
8. Plan Administrator –Margie Adcock
 - A. The Board was provided with certification from the Resource Centers that they successfully completed their SSAE 18 SOC 1 Audit and received a clean opinion as of June 30, 2021.
 - B. Ms. Adcock discussed the DROP distribution for Gerald Williamson. It was noted that in reconciling the DROP Accounts an overpayment was made. Ms. Adcock reviewed the timing and the distributions that were made. She stated that she discussed the overpayment with Mr. Williamson and he indicated that he would like to rectify the overpayment by sending a check to the Plan.
9. Old Business
There was no old business.
10. New Business
 - A. The Board was provided with a proposed schedule of 2022 meeting dates.
 - B. There was discussion on securities monitoring. The Board asked if Ms. Adcock could make arrangements for Saxena White to attend the next meeting to discuss securities monitoring in general and provide the Board with information regarding their services.
3. Public Comments
There were no public comments.
12. Adjournment
There being no further business before the Board, motion was made and seconded, and the meeting was adjourned.