

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
January 27, 2022**

Approved _____

Approved _____

The meeting was called to order at 8:32 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
Richelle Hayes Cook – American Realty
Piotr Krekora-GRS
Aaron Kendrick – Finance Director
Lester Hooker & Rhonda Cavagnro – Saxena White

4. Presentations

A. American Realty –Richelle Cook

Ms. Cook provided a brief background of the firm. She stated that there have been no changes in the structure of the firm. They are headquartered in Los Angeles with 5 offices in the United States. They are 100% employee owned and have 90 employees. They continue to grow in assets and have \$10.7 billion in assets under management. They have over 500 institutional investors. They had a return of 21% last year. She reviewed their diverse and target private real estate platforms. She stated that they are starting a new fund this year which will be an essential housing fund.

Ms. Cook reviewed the performance of the American Core Realty Fund. This is their open-end flagship fund. She stated that the fund has \$7.18 billion in gross asset value as of September 30, 2021. The American Core Realty Fund is a very diversified portfolio. There are 66 investments. The leveraging is about 19.9%. Ms. Cook reviewed the four sectors they invest in: industrial, residential, office and retail. She stated that industrial and residential are the two sectors that are doing the best. With respect to industrial, cold storage is growing. With respect to residential, they are starting to purchase single family rentals. She noted that office has not done really well. A lot of people are working from home and they cannot exactly pinpoint what is going on in this space. She stated that with respect to retail, they do not own any regional malls but rather have investments in needs-based retail. She reviewed the geographic and property diversification of the fund. She reviewed the recent investments and dispositions. They have consistently high leasing rates. The average leased percentage over the last five years is 94% and noted that they have staggered leases. They do have some build-to-core investments and have finalized all but one. The total market value of the Fund's portfolio as of September 30, 2021 was \$4,883,144.

B. Saxena White – Lester Hooker and Rhonda Cavagnaro

Lester Hooker and Rhonda Cavagnaro appeared before the Board. Mr. Hooker stated that he was a director and has been with the firm for 15 years. He provided an introduction on the firm. Their firm is headquartered in Boca. They analyze trading data, provide quarterly reports, advise when a loss has been suffered, and work with custodian banks to make sure proofs of loss are timely filed. Their firm has experienced substantial growth. They have opened offices in three states and have 70 attorneys across four offices. They are extremely conservative in determining whether to recommend a case to a client. He discussed the process. He stated that they are successful in about 85% of cases, noting that the average in the industry is about a 50% success rate. Mr. Hooker stated that they are the only firm certified as a female and minority owned firm. They have many clients that use multiple securities firms. It increases oversight and opportunities for a board to recoup any losses.

Jason Chockley and Aaron Kendrick departed the meeting.

Mr. Hooker stated that due to the size of this Fund, he did not anticipate that they would ever recommend the Board take an active role in litigation. He stated that usually it is the investor with the largest loss but there are times when it makes sense for a minimum size or smaller investor to take the lead. He stated that their services are free and any litigation is completely on a contingent arrangement. Mr. Hooker stated that they do monitoring in-house. They take extreme care with the data of all of their clients. They look hard at about twelve cases a year and pursue five or six cases a year. He discussed derivative shareholder cases which do not always result in monetary settlements but change corporate governance. Ms. Cavagnaro stated that they issue quarterly reports.

Lester Hooker and Rhonda Cavagnaro departed the meeting.

There was a lengthy discussion. The Board noted that Mr. Hooker stated that they would never be in the position of being a lead plaintiff. It was noted that there was no cost and seemed like no downside to securities monitoring. The Board decided to table the matter to the next meeting when a full Board would be present.

E. GRS – Actuarial Valuation- Piotr Krekora

Mr. Krekora appeared before the Board to present the Actuarial Valuation as of October 1, 2021. He stated that the Valuation sets forth the employer contribution for the fiscal year ending September 30, 2023. The total required contribution is \$484,361 with \$433,815 from the City and \$50,543 from BSO. He stated that there was a decrease of about \$294,116 in the contribution amount from the prior year, mostly due to the investment return. He reviewed the revisions in the actuarial assumptions and methods. The assumed rate of return was reduced from 6.6% to 6.5%. It was noted that the amortization of the

unfunded actuarial accrued liability was reduced from 18 years to 17 years as of October 1, 2021. This amortization period will continue to be reduced by one year each year. There were no revisions in benefits since the prior Valuation.

Jason Chockley re-entered the meeting

Mr. Krekora reviewed the calculation of the employer normal cost. He stated that he reported it as they always have been reporting it for BSO. He stated that an excess contribution of \$11,034 was added to the prior year's excess contribution for a new total of \$30,845 as of October 1, 2021. This amount can be used towards future contribution requirements.

Mr. Krekora discussed the actuarial experience. He stated that there was a net actuarial gain of \$1,625,123 which was primarily due a recognized investment return above the assumed rate of 6.6%. In addition, there were lower than expected salary increases and fewer than expected retirements. The funded ratio was 92.9% versus 89.2% last year.

Mr. Krekora reviewed the history of the investment rate of return since the fiscal year ending September 30, 1981. He reviewed the reconciliation of Plan assets and membership data. He stated that this is a closed and mature Plan. The ratio of active members to retirees is down to 35%. He reviewed the unfunded actuarial accrued liability from October 1, 1993 to October 1, 2021. He stated that for the next Valuation he would recommend lowering the investment return assumption and looking at changing the funding method. He stated that he thinks the target assumed rate should be 6% given recent developments. He stated that the current funding method is driven by payroll, but payroll is shrinking. He would recommend changing the funding method to something that is independent on how many active members are in the Plan. The Board suggested that Mr. Krekora come back for the October meeting to talk about these items so changes can be considered before the next Valuation.

Mr. Szeto made the motion to approve the Actuarial Valuation as of October 1, 2021. The motion was seconded by Mr. Berrios 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. Chockley and approved unanimously by voice vote.

B. Sawgrass Asset – Quarterly Presentation

It was noted that Sawgrass could not attend in person to the meeting but made arrangements to call in to the meeting. Mr. Hess stated that it was a good quarter for Sawgrass. Growth stocks are down about 13% year to date so Sawgrass should shine in this market. He stated that last quarter there was a

rebalance. It was determined that there was no need for Sawgrass to attend via teleconference today.

D. AndCo Consulting – Brad Hess

1. Quarterly Investment Report

Mr. Hess provided an update on the firm. He stated that the firm has \$123 billion in client assets under advisement as of June 30, 2021. The firm has had 21 straight years of revenue growth. They have reinvested 100% of the net profits back into the organization. They continuously invest in technology. They have 87 team members. In 2021 they added two more partners. He reviewed their organizational chart.

Mr. Hess reviewed the market environment for the quarter ending December 31, 2021. He stated that it was a strong quarter. The S&P was up 17%. He noted that bonds were flat. The labor market continued to strengthen. Unemployment was down to 3.9%. Wage inflation is real. It was a tremendous year. The S&P was up 28.7% for 2021 while small cap was up 14.8%. Large cap outperformed small cap for the year. It was a tough year for fixed income. With respect to the international markets, developed markets did okay but emerging markets were pretty weak for the quarter and year.

Mr. Hess reported on the performance for the quarter ending December 31, 2021. The total market value as of December 31, 2021 was \$46,385,233. He reviewed the asset allocation. Domestic equities was at 63.1%; domestic fixed income was at 20.4%; real estate was at 11.5%; and cash was at 5.0%. There was discussion on the Investment Policy Statement. Mr. Hess stated that he would recommend bringing a revised IPS to the next meeting. He stated that he thought the allowable ranges were a little too wide and that the ranges should be set around the targets. He stated that he would like the Board to consider tightening up the ranges. There was a lengthy discussion. It was noted that stronger language forces the Board to discuss performance at the meetings and make decisions based strictly on the targets. It was noted that the Board has always managed this in the past and the Board discusses performance every quarter and they rebalance when necessary. Mr. Hess stated that he would review the IPS to see if any changes are needed at this time. He stated that he normally recommends reviewing the IPS every two years. Ms. Adcock noted that the IPS was just revised in 2020. She stated that she would provide the Board with a copy of the current IPS for the next meeting.

Mr. Hess reported on the performance for the quarter ending December 31, 2021. The Fund was up 6.04% net of fees for the quarter while the benchmark was up 5.46% net of fees. Total equities were up 8.37% for the quarter while the benchmark was up 7.61%. Total fixed income was down .53% for the quarter while the benchmark was down .57%. Total real estate was up 8.81% for the quarter while the benchmark was up 7.70%.

Mr. Hess reviewed the specific performance of the managers for the quarter ending December 31, 2021. The total Highland Capital portfolio was up 4.76% net of fees for the quarter while their benchmark was up 4.85%. The total

Sawgrass portfolio was up 8.04% net of fees for the quarter while their benchmark was up 5.67%. With respect to equities, Highland Capital was up 7.41% while their benchmark was up 7.71%; Sawgrass was up 12.32% while their benchmark was up 9.02%; and Clarkston was up 2.96% while their benchmark was up 3.82%. With respect to fixed income, Highland Capital was down .59% and Sawgrass was down .47% while their benchmarks were up .57%. American Realty was up 8.81% for the quarter while the NCREIF was up 7.70%. Mr. Hess reviewed the compliance checklist. He stated that there were no true red flags. All the managers are performing as expected given their style. He stated that overall everything is going well.

Brad Hess, Richelle Cook and Piotr Krekora departed the meeting.

3. Approval of Minutes Summary for Meeting of December 3, 2021.
The minutes of the meeting of December 3, 2021 were reviewed.

Mr. Berrios made the motion to approve the minutes of the meeting of December 3, 2021. The motion was seconded by Mr. Szeto and approved unanimously by voice vote.

5A. Bills and Warrants

- A. Pension Resource Center—For administrative services for November and December 2021 and January 2022 -\$8,337.87
- B. Klausner Kaufman Jensen and Levinson— For legal services for November and December 2021 - \$2,850
- C. AndCo – Quarterly Fee for period ending 12/31/21 - \$9,939.30
- D. Clarkston Capital – Quarterly Fee for period ending 12/31/21 - \$12,600.00
- E. Highland Capital Management – Quarterly Fee for period ending 12/31/21 - \$18,183.18
- F. Sawgrass Asset Management—Quarterly Fee for period ending 12/31/21- \$23,394.03
- G. FPPTA – 2022 Membership Dues - \$750.00
- H. FPPTA - CPPT Dues 2021 and 2022 - \$124.00
- I. FPPTA – New Trustee Program for J. Chockley- \$150.00
- J. FPPTA – CPPT Registration for J. Chockley - \$950.00
- K. FPPTA – Winter School Registration for J. Chockley - \$850.00
- L. Van Szeto – Reimbursement for FPPTA October Expenses - \$569.72
- M. Hilton Orlando – Hotel Reservations for J. Chockley for FPPTA Winter School - \$657.00

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

6B. Benefit Approvals

- A. Application to Enter DROP Retire – Jill Ankney
- B. DROP Distributions – James Bowman monthly recurring distribution (change to \$415.00 beginning February 1, 2022 forward); Gerald Williamson partial

distribution (\$5,100); Gerald Williamson 6/30/21 balance less 10% holdback (\$41,587.84); Gerald Williamson repayment (\$2,126.35)

C. Application for Joint Survivor Benefit – Karen Correa (Joint Survivor of Mitchel Correa)

Ms. Adcock discussed the overpayment related to Gerald Williamson and the Application for Joint Survivor Benefits related to Karen Correa. There was a lengthy discussion.

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

7. Report on Fund Activity as of December 31, 2021.

The Board was provided an unaudited financial statement as of December 31, 2021. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.

8. Plan Administrator –Margie Adcock

There was no additional business to report.

9. Old Business

There was no old business.

10. New Business

There was no new business.

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.