

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
April 28, 2022**

Approved _____

Approved _____

The 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

Brad Hess – AndCo Consulting
Margie Adcock– Pension Resource Center
Steve Stack – Highland Capital
Aaron Kendrick – Finance Director

4. Presentations

A. Highland Capital – Steve Stack– Quarterly Presentation

Mr. Stack reviewed the investment performance for the quarter ending March 31, 2022. He stated that a lot has changed since the beginning of the year. He noted that inflation is not just in the United States. Germany has an inflationary number of 7.8% while China has an inflationary number of 8.2%. He stated that they thought the Fed would do four 25 basis point interest rate hikes this year but now it looks like they will be doing two 50 basis point rate hikes in the next two meetings. He thinks inflation will come down to the 4% range into the next year. Fixing the supply chain issues would help. There are 500 cargo ships sitting outside the US right now and China is in a lockdown again. The dollar has strengthened in the last couple of days which has helped. The unemployment numbers are low. There is decent growth at 3% to 3.5%. The biggest drag last quarter in terms of total return was international. Their heavy exposure to Japan and the UK hurt. The only sector that made money was the energy sector. Mid-east countries and South America did well, but they do not have exposure in those energy markets. Mr. Stack stated that the challenge the Fed has right now is high inflation. To counter that they have low unemployment and good growth. There was no asset class that was real popular last quarter. There was no where to hide. Real estate was positive, but it was hard to get in the queues. Mr. Stack stated that they moved away from corporate debt and increased their exposure to mortgage pools. Once the Fed gets into the rate hikes and starts bond tightening, he thinks they will get more direction on where the bond market is going. A lot of psychology in the bond market is fear. He thinks the bond market will heal itself in a few months. The total market value of the portfolio as of March 31, 2022 was \$16,548,728. The Value portfolio was up .50% while the Russell 1000 was down .74%. International was down 7.34% while the benchmark was down 5.44%. Fixed income was down 3.99% while the benchmark was down 4.69%.

B. AndCo Consulting – Brad Hess

1. Quarterly Investment Report

Mr. Hess reviewed the market environment for the quarter ending March 31, 2022. He stated that all equity markets were down for the quarter. There was no where to hide in traditional asset classes. The more risk that was taken the worse the performance. In the last 7 to 8 years growth has dominated value. The last couple of quarters value has done better than growth.

Mr. Hess reported on the performance for the quarter ending March 31, 2022. The total market value as of March 31, 2022 was \$45,162,003. He reviewed the asset allocation. Domestic equities was at 61.7%; domestic fixed income was at 21.7%; real estate was at 14.2%; and cash was at 2.4%. He stated that he had no recommendations to rebalance. He thinks the portfolio is in a good position.

Mr. Hess reported on the performance for the quarter ending March 31, 2022. The Fund was down 1.41% net of fees for the quarter while the benchmark was down 3.20% net of fees. He noted that the Fund was in the top 1% of their peer group. Total equities were down 2.23% for the quarter while the benchmark was down 5.31%. Total fixed income was down 4.06% for the quarter while the benchmark was down 4.51%. Total real estate was up 8.15% for the quarter while the benchmark was up 7.97%.

Mr. Hess reviewed the specific performance of the managers for the quarter ending March 31, 2022. The total Highland Capital portfolio was down 1.78% net of fees for the quarter while their benchmark was down 2.95%. The total Sawgrass portfolio was down 6.05% net of fees for the quarter while their benchmark was down 6.46%. With respect to equities, Highland Capital was down .67% while their benchmark was down 2.50%; Sawgrass was down 6.89% while their benchmark was down 7.96%; and Clarkston was up 3.47% while their benchmark was down 5.82%. With respect to fixed income, Highland Capital was down 4.18% and Sawgrass was down 3.95% while their benchmarks were down 4.51%. American Realty was up 8.15% for the quarter while the NCREIF was up 7.97%. Mr. Hess reviewed the compliance checklist.

2. Investment Policy Statement

Mr. Hess stated that there was a lengthy discussion at the last meeting regarding the Investment Policy Statement. The Board was provided with a current copy of the Statement dated January 2020. He stated that it was a fine document. There was nothing wrong with it. He discussed possible changes he would like to make though. He discussed adding language that would give allowances related to American Realty. He stated that he would recommend adding a best practices provision to allow for those types of investments. He stated that most of his plans have a Master IPS and then separate Addendums for each manager. He recommended doing the same. He stated that he would provide a proposed revised Investment Policy Statement for the next meeting for the Board to consider.

3. Sawgrass Asset Management

Mr. Hess stated that Gregg Gosch left Sawgrass. He noted that Mr. Gosch helped build the firm but is more of a sales related individual. He was put in more of a customer service role at Sawgrass and wanted to get back to sales. It was reported that he went to Nuveen. Mr. Hess stated that Mr. Gosch did not manage the money when he was at Sawgrass. He does not think there will be any material impact in Mr. Gosch's departure to the management part of Sawgrass. Mr. Hess stated that from a firm's perspective it is a negative to have partner leave for another firm. He understands why it is happening, but it is not a good thing. He noted that another person left the year before. The fact that the people who left are marketing and sales people is not too concerning to him. If investment people left that would be another issue.

C. Salem Trust Company

It was noted that Salem Trust Company could not attend the meeting today due to an illness. They will be rescheduled for the next meeting.

3. Approval of Minutes Summary for Meeting of January 27, 2022.

The minutes of the meeting of January 27, 2022 were reviewed.

Mr. Berrios made the motion to approve the minutes of the meeting of January 27, 2022. The motion was seconded by Mr. Szeto and approved unanimously by voice vote.

Steve Stack and Brad Hess departed the meeting.

5A. Bills and Warrants

- A. GRS – For actuarial services for the quarters ending 12/31/21 and 3/31/22 - \$14,615.00
- B. Pension Resource Center–For administrative services for February, March and April 2022 -\$8,459.63
- C. Klausner Kaufman Jensen and Levinson– For legal services for January, February and March 2022 - \$570
- D. FMIT – Fiduciary Liability Renewal Policy - \$6,337.05
- E. AndCo – Quarterly Fee for period ending 3/31/22 - \$9,939.30
- F. Clarkston Capital – Quarterly Fee for period ending 3/31/22 - \$11,956.00
- G. Highland Capital Management – Quarterly Fee for period ending 3/31/22 - \$17,614.96
- H. Sawgrass Asset Management–Quarterly Fee for period ending 3/31/22-\$21,620.19

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

5B. Benefit Approvals

- A. Application to Enter DROP Retire – Luis DeLaFlor
 - B. DROP Distributions – Carmen Rodriguez 12/31/21 final balance (\$66,086.15); Jeanette Wofford 12/31/21 balance less 10% holdback (\$178,296.57); Reyna Varela 12/31/21 balance less 10% holdback (\$57,811.54)
 - C. Applications to Retire – Clifford Stoner and Michael Carney
- Mr. Berrios made the motion to approve items A-C. Mr. Szeto seconded the motion, which passed unanimously by voice vote.**

6. Report on Fund Activity as of March 31, 2022.

The Board was provided an unaudited financial statement as of March 31, 2022. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.

7. Plan Administrator –Margie Adcock

- A. The Board was provided with a Memorandum Regarding Office Lease Rollover Example from the Administrator dated April 14, 2022. She stated that they thought the Board would be interested in a real example of the office real estate space.
- B. The Board was provided with a legal opinion from the Attorney regarding DROP members serving as Active Trustees. As the Ordinance is silent on the issue, the opinion stated that is no restriction on DROP participants continuing to serve out a term or running for election for a new term.
- C. The Board was provided with a Memorandum from the Attorney Regarding Update of Signature Authorization for Providers dated April 2022. Ms. Adcock stated that she had the signature authorization forms for the Trustees to sign.

8. Old Business

- A. There was further discussion from the last meeting on securities monitoring and Saxena White. Some of the Trustees did not see a downside in moving forward with securities monitoring. It was noted that the only reason to hire a securities monitor would be for consideration to be a possible lead plaintiff. However, Saxena White stated that it would be highly unlikely that this Fund would ever be a lead plaintiff because of its size. The Board wanted to make sure that they do what is in the best interests of the participants and the City. It was noted that the Fund recoups class action proceeds regardless of whether a securities monitor is retained or not as the Custodian is responsible for filing the proofs of claim. It seems there might be no upside or downside to having a securities monitor. There was a lengthy discussion. The Board agreed that they did not want to leave any potential money on the table that could be recouped from class actions. The Board decided to have a discussion with Salem Trust at the next meeting regarding the filing of the proofs of claim in class actions and the recovery process.

9. New Business

- A. There was discussion regarding updating the Summary Plan Description. It was noted that the Attorney asked that this be placed on the Agenda for discussion. It was noted that this is a closed Plan and a Summary is posted on the Administrator's website, along with other Plan documents. The Board felt this was sufficient and that further work by the Attorney was not necessary at this time.
- B. The Chair advised that he was contacted by the Actuary asking for authorization to allow the Actuary to give Fund information to the City regarding a lawsuit filed by the City against BSO.

2. Public Comments

There were no public comments.

11. Adjournment

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