

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN  
BOARD OF TRUSTEES MEETING  
SUMMARY OF MEETING MINUTES  
February 2, 2023**

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

Kerry Richardville– AndCo Consulting  
Margie Adcock– Pension Resource Center  
Piotr Krekora-GRS  
Marty LaPrade & Marc Davis –  
Sawgrass Asset Management

2. Public Comments

There were no public comments.

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

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

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

4A. Bills and Warrants

- A. GRS – For actuarial services for the quarters ending 12/31/22 - \$6,547.00
- B. Pension Resource Center–For administrative services for November and December 2022 and January 2023 -\$8,520.51
- C. AndCo – Quarterly Fee for period ending 12/31/22 - \$10,436.26
- D. Clarkston Capital – Quarterly Fee for period ending 12/31/22 - \$12,336.00
- E. Highland Capital Management – Quarterly Fee for period ending 12/31/22 - \$15,299.67
- F. Sawgrass Asset Management–Quarterly Fee for period ending 12/31/22-\$18,195.12

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

4B. Benefit Approvals

- A. DROP Distributions – Luis DeLaFlor Recurring Monthly of \$1,350 from February 2023 to August 2023 and then payment of final balance.
- B. Application to Enter DROP – Roland Berrios
- C. Application to Enter DROP - Isandall Vargas

**Mr. Szeto made the motion to approve items A and C. Mr. Chockley seconded the motion, which passed unanimously by voice vote.**

**Mr. Szeto made the motion to approve item B. Mr. Chockley seconded the motion, which passed 3-0. It was noted that Mr. Berrios did not vote on the motion since Mr. Berrios is a Trustee and he cannot approve his own benefit.**

## 5. Presentations

### A. GRS – Actuarial Valuation- Piotr Krekora

Mr. Krekora appeared before the Board to present the Actuarial Valuation as of October 1, 2022. He stated that the Valuation sets forth the employer contribution for the fiscal year ending September 30, 2024. The total required contribution is \$410,876, with \$373,517 from the City and \$37,359 from BSO. He stated that there was a decrease in the contribution amount from the prior year. He stated that there were no actuarial assumption changes. The experience was somewhat favorable with a negative 6%, which was good compared to the universe. All in all there was a loss incurred in the market value which is comparable to the gain in the prior year, so they offset each other. As such, there was barely any gain on the actuarial side which is why the contribution is going in the direction of decreasing. The assumed rate of return remained at 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, 2022. 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 94.0% versus 92.9% last year.

Mr. Krekora reviewed the actuarial value of benefits and assets. He stated that the Fund will have a \$5 million shortfall in ten years. He stated that a \$400,000 total contribution will not be enough to cover that \$5 million shortfall. The current pattern of contributions is going to pick up. He stated that one way to deal with that is to have a floor to prevent a spike in the second part of the ten-year period. He stated that he would like to talk about it before the next Valuation. He stated that the City could also make an additional contribution or change the method of funding that would provide a more level funding of contributions in the current environment. He stated that it was not an emergency and the Board could wait to see how returns play out this year. There was a lengthy discussion. Mr. Krekora stated that he could prepare a short letter outlining the issues for the next meeting. The Board could then present the letter to the City and move forward from there. Mr. Krekora reviewed the development of the actuarial value of assets. He stated that the Fund will recognize small losses for the next three years and in year four (2026) the Fund will see the remainder of this year's losses, which is about \$1 million. That is when the Fund will see the first pop in contributions if everything is left as it is right now.

Mr. Krekora stated that last year there was discussion on the actuarial rate of return assumption and possibility reducing it further. He was going to attend a following meeting to discuss it further but that idea was put on hold when the market declined. He stated that he will keep it on his radar for a more appropriate time to discuss.

**Mr. Berrios made the motion to approve the Actuarial Valuation as of October 1, 2022. The motion was seconded by Mr. Chockley and approved unanimously by voice vote.**

B. Sawgrass Asset – Marty LaPrade and Marc Davis– Quarterly Presentation

Mr. LaPrade stated that he was the portfolio manager for the large cap growth portfolio and is on the growth investment team. He introduced Mr. Davis, who is one of the equity portfolio managers.

Mr. LaPrade reported on performance for the quarter ending December 31, 2022. The total market value of the portfolio was \$13,233,265 as of December 31, 2022. The total portfolio was up 5.35% net of fees for the quarter while the benchmark was up 3.69%. The large cap growth portfolio was up 6.77% while the benchmark was up 4.86%. The small cap growth portfolio was up 10.38% while the benchmark was up 4.13%. The fixed income portfolio was up 1.80% while the benchmark was up 1.54%. Mr. LaPrade stated that they ended the quarter strong. The stock market bottomed in September and they protected on the downside. He thinks earnings will be challenged going forward. Interest rates have risen so there are alternatives now in bonds. Many of the stocks that led in January were the worst stocks last year. He thinks returns this year will be modest. He stated that the Fed having zero interest for such a long time was unprecedented. Now the Fed has raised rates which everyone has felt since last year. The Fed also wants to reduce the balance sheet which will take liquidity out of the market. When that constant buyer is out of the market it will keep interest rates higher than people expect. Mr. LaPrade stated that he thinks this Plan is in really good shape. He is pleased with where they are right now.

Mr. Davis discussed the large cap growth portfolio. He reviewed the attribution by sector for calendar year 2022. It was a tough market last year. He reviewed the contributors to return. He reviewed the top ten and bottom ten performing stocks for 2022. He stated that they have stuck to their investment philosophy. He stated that the top five large cap weights make up 34% of the index which is down from the weighting from last year of 40%. Mr. Davis stated that he thinks the tide is starting to turn.

Mr. LaPrade discussed the fixed income portfolio. He stated that inflation is beginning to moderate. Clearly what the Fed has done has had an impact. The US short term treasury rates are trending significantly higher. He reviewed the current attributes and sectors. He stated that they are underweight treasuries and corporates and overweight in mortgage-backed securities and agencies. He stated that they might like to talk later about moving from shorter to longer term bonds for higher yields.

C. AndCo Consulting – Kerry Richardville

1. Quarterly Investment Report

Ms. Richardville provided an update on the firm. She stated that the firm has \$90 billion in client assets under advisement as of December 31, 2022. The firm has had 22 straight years of revenue growth. They have reinvested 100% of the net profits back into the organization. They have 93 team members. In 2022 and added three more partners. She reviewed their organizational chart.

Ms. Richardville reviewed the market environment for the quarter ending December 31, 2022. She stated that all equity and fixed income markets were up for the quarter, while all markets were negative for the year. She stated that there

were strong, positive equity markets for the quarter. International was up incredibly for the quarter. The US dollar depreciated which helped. With respect to real estate, interest rates softened the real estate market. There were not a lot of transactions going on. This was the sole negative asset class for the quarter.

Ms. Richardville reported on the performance for the quarter ending December 31, 2022. The total market value as of December 31, 2022 was \$40,854,653. He reviewed the asset allocation. Domestic equities was at 58.5%; domestic fixed income was at 21.3%; real estate was at 17.2%; and cash was at 3.1%. She stated that they had no recommendation for rebalancing at this time.

Ms. Richardville reported on the performance for the quarter ending December 31, 2022. The Fund was up 4.97% net of fees for the quarter while the benchmark was up 4.61% net of fees. Total equities were up 10.69% for the quarter while the benchmark was up 8.06%. Total fixed income was up 1.35% for the quarter while the benchmark was up 1.54%. Total real estate was down 5.68% for the quarter while the benchmark was down 4.96%.

Ms. Richardville reviewed the specific performance of the managers for the quarter ending December 31, 2022. The total Highland Capital portfolio was up 9.02% net of fees for the quarter while their benchmark was up 8.14%. The total Sawgrass portfolio was up 5.36% net of fees for the quarter while their benchmark was up 3.69%. With respect to equities, Highland Capital was up 12.90% while their benchmark was up 11.70%; Sawgrass was up 7.96% while their benchmark was up 4.73%; and Clarkston was up 9.02% while their benchmark was up 7.43%. With respect to fixed income, Highland Capital was up .83% and Sawgrass was up 1.79% while their benchmarks were up 1.54%. American Realty was down 5.68% for the quarter while the NCREIF was down 4.96%. Ms. Richardville stated that they think there will be some more softening in real estate but it has been a good buffer for the portfolio. All in all, it was a good quarter all things considered.

Van Szeto departed the meeting.

## 2. Investment Policy Statement

Ms. Richardville discussed the IPS Addendum for Clarkston Capital. She stated that there is a limit of a 5% per stock investment in the Addendum. Clarkston has advised that their compliance officer will not sign off on it as they are a really concentrated manager. Clarkston would like to either have that limitation taken out or increased to 10%. She stated that they think the most accurate thing to do would be to increase Clarkston's limit to 10% and that would still comply with the 5% total Fund limit that is required. There was a lengthy discussion. The Board was concerned about tying Clarkston's hands in investing. Ms. Richardville stated that Clarkston would never have much over 10% in any one stock, maybe 11% or 12% tops. And even with that, it would never impact the 5% limitation that is placed on the total Fund by Statute. It was noted that Clarkston has done well for the Fund so far. The Board decided it was willing to give Clarkston a little risk because their portfolio is so small.

**Mr. Berrios made the motion to remove the 5% limitation from the Addendum to the Investment Policy Statement for Clarkston Capital. Mr. Chockley seconded the motion, which passed unanimously by voice vote.**

Marty LaPrade and Marc Davis departed the meeting.

6. Report on Fund Activity as of December 31, 2022.  
The Board was provided an unaudited financial statement as of December 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 from the Attorney’s Office Regarding Delaware Law Change Permits Companies to Insulate Corporate Officers from Liability for Reckless Conduct dated November 2022. The Attorney recommended that a letter be sent to the investment managers to vote proxies related to the charter change. The letters drafted by the Attorney for other pension plans were provided. It was noted that the Board cannot require managers to vote a certain way, but the Board can make suggestions. There was a lengthy discussion. The Board ecided not to take any further action.
  - B. The Board was provided with a Memorandum from the Attorney’s Office Regarding SEC Proxy Voting Disclosure Rules dated November 2022.
  - C. The Board was provided with a Memorandum from the Attorney’s Office Regarding Maintaining Internal Controls to Protect Against Fraud and Abuse dated December 2022. There was a discussion on the background of why this issue came about. They Memorandum stated that there were several recommendations for the Board to review to help guard against fraud and misuse of pension funds. It was noted that the Administrator does a SOC 1 Audit every year. The functions are separated out so no one person has control over all parts of a financial transaction. The Fund has an internal audit every year.
  - D. The Board was provided with a Memorandum from the Attorney’s Office Regarding the SECURE 2.0 Act dated January 5, 2023. The Memorandum highlighted important amendments relevant to public safety officers and governmental plans. The Memorandum had a lot to do with police and fire plans and ERISA. There was really nothing related to the this Plan except for the required minimum distribution.

Kerry Richardville departed the meeting.

8. Old Business
  - A. Salem Trust Retiree Online Pensioner Portal  
There was discussion on the Retiree Online Pensioner Portal that was presented by Ms. Russo a couple of meetings ago. It was noted that the Board had asked for further clarification on whether, if the Board decided to allow the portal, all retirees would no longer receive paper statements or whether only those retirees that elected the portal would no longer receive paper statements. Salem clarified that only those retirees that elected the

portal would no longer receive paper statements. The Board decided to allow the Retiree Online Pensioner Portal as an option and let retirees have access to all of the items that are provided.

**Mr. Berrios made the motion to allow retirees access to the Salem Trust Retiree Online Pensioner Portal and execute the necessary documents. Mr. Chockley seconded the motion, which passed unanimously by voice vote.**

B. Discussion on Class Actions and Proof of Claim Filings

The Board noted that Salem Trust attended a prior meeting and discussed their process regarding class actions and proof of claim filings. It was further noted that Saxena White advised that they would not file proof of claims for the Board. The Board decided that they wanted Trustee Szeto to be in attendance to make any changes or decisions regarding this matter as he was the person that raised the issue of looking into pursuing securities monitoring.

9. New Business

There was no new business.

11. Adjournment

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