

The City of Wilton Manors' General Employee & Police Pension Board Meeting will be conducting a "Hybrid" Pension Meeting in the City Commission Chambers with limited public access and utilizing communications media technology ("CMT") for additional public access, in accordance with City of Wilton Manors Ordinance No. 2020-11, and City of Wilton Manors Emergency Order 2021-01.

AGENDA

City of Wilton Manors Hybrid General Employee & Police Pension Meeting Tuesday March 29, 2022 at 5:30 pm.

1. PLEDGE OF ALLIGENCE

2. CALL TO ORDER

3. ROLL CALL

4. ADDITIONS/DELETIONS

5. COMMENTS FROM THE PUBLIC

Any member of the Public may speak on any issue for three (3) minutes

6. CONSENT AGENDA

Items listed under Consent Agenda, Item VI, are viewed to be routine and One Motion will enact the recommendation in the form listed below. If discussion is desired, then the items(s) will be removed from the Consent Agenda and will be considered separately.

Approval of Minutes:

December 7, 2021 Hybrid Pension Meeting

Motion to Receive and File:

Warrant 2021-035	• Biagio Balistreri reimburse expenses FPPTA Fall School 2021	\$791.56
Warrant 2021-036	• John Pilch reimburse expenses FPPTA Fall School 2021	\$942.70
Warrant 2021-037	• Judith A. Hoekstra Services December 1, 2021 Invoice	\$743.75
Warrant 2021-038	Klausner, Kaufman, Jensen & Levinson Nov. 30, 2021 Invoice	\$125.00
Warrant 2021-039	• Joan Wall, Bookkeeper – Services 7/1/21-12/14/21	\$780.94
Warrant 2022-001	• Klausner, Kaufmann, Jensen & Levinson 12/31/2021 Invoice	\$928.39
	• KSDT, CPA – Invoice #109172 12/31/2021	\$1,000.00
	• Southeastern Advisory Services Invoice 1204 1/1/2022	\$4,885.00
Warrant 2022-002	• FPPTA Registration #6160 Balistreri	\$850.00
Warrant 2022-003	• Gabriel, Roeder, Smith & Co Invoice #468528 1/5/2022	\$4,500.00
Warrant 2022-004	• Balistreri-Mays-Farrell – per diem FPPTA Trustee School	\$600.00
Warrant 2022-005	• FPPTA Registration #6282 Farrell	\$850.00

Warrant 2022-006		
▪ Gabriel, Roeder, Smith & Co., Invoice #34915 12/31/2021		\$5,236.53
▪ Judith A. Hoekstra – Supplies from Office Depot		\$91.26
Warrant 2022-007		
▪ Balistreri – Reimburse expenses FPPTA Winter School		\$739.93
▪ Mays – Reimburse expenses FPPTA Winter School		\$953.42
Warrant 2022-008		
▪ Farrell – Reimburse expenses FPPTA Winter School		\$932.01
Warrant 2022-009		
▪ Klausner, Kaufman, Jensen & Levinson January 31, 2022		\$1,000.00
Warrant 2022-010		
▪ KSDT, CPA – Invoice #111573 2/28/2022		\$1,000.00
Warrant 2022-011		
▪ Gabriel, Roeder, Smith & Co. Inv #469348 Bookkeeping		\$4,650.00
▪ Inv #469520 Actuarial Svcs		\$4,500.00

4th Quarter 2021 Rate of Return is 5.8% Net of Fees
 March 16, 2022 GRS – GASB No. 67 Disclosure Information for Fiscal Year
 Ending September 30, 2021
 Saxena White Fourth Quarter 2021 Monitoring Report

7. NEW BUSINESS

- KSDT, CPA - Audit Representation Letter
- KSDY, CPA - Draft Financial Statement 9/30/2021
- Garcia Hamilton 4th quarter Portfolio 12/31/2021
- Southeastern Advisory Services 4th Quarter Ending December 31, 2021
 - Letter of February 25, 2022 – Notice of Ownership Change & Annual ADV
 - Statement of Investment Policy (Draft)
 - Private & Public Real Estate as of 12/31/21
- Corrected 2021 Special Tax Notice

8. BOOKKEEPER

9. ATTORNEY REPORT

10. REPORTS FROM BOARD MEMBERS

11. ADJOURNMENT

***The Public may participate in the meeting in several ways:**

1. Videoconference – the meeting will be hosted online using Zoom. The public may join the meeting online by selecting “join meeting” and entering the meeting number of **916 4353 4394** Passcode:719791

Attendees should visit Zoom and test their connections in advance of the meeting.

2. The public may also provide input in advance that will be entered into the record at the beginning of the meeting. Such input must be submitted in writing in advance of the meeting by email to jhoekstra@wiltonmanors.com. If you desire for your written comments to be read into the record during the meeting, please indicate so and limit them to 300 words. Written comments in excess of 300 words will be entered into the meeting record and distributed to the Board before the start of the meeting.

For questions regarding public comment or connecting to the electronic meeting contact Judith Hoekstra, Administrative Assistant, jhoekstra@wiltonmanors.com.

Zoom Information:

Topic: General Employee & Police Pension Board of Trustees Meetings

Time: This is a recurring meeting Meet anytime

Join Zoom Meeting

<https://wiltonmanors.zoom.us/j/91643534394?pwd=Vng0WGdzNXlVcU9rdUdMMHNtallqdz09>

Meeting ID: 916 4353 4394

Passcode: 719791

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+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

877 853 5247 US Toll-free

888 788 0099 US Toll-free

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Meeting ID: 916 4353 4394

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Pledge of Alligence

Call to order

Chairman Balistreri called the hybrid meeting of the Wilton Manors GE & Police Pension Board of Trustees to order at 5:32 pm.

Roll Call

Present at Meeting: Chair Balistreri, Trustees Mays & Pilch. Virtually Present: Trustees Aron & Farrell

Others Virtually Present

Attorney Levinson, Pennie Zuercher, Finance Director, John Small & Kurt Lofton, Southeastern Advisory Services, Janna Hamilton & Jeff Detwiler, Garcia Hamilton

Additions/Deletions

None

Comments from the Public

None

Consent Agenda

Approval of Minutes

September 7, 2021 Hybrid Pension Meeting

Motion to Receive and File:

Warrant 2021-026	
Klausner, Kaufmann, Jensen & Levinson 8/31/2021 Invoice	\$875.00
Warrant 2021-027	
Judith A. Hoekstra September 7 th Invoice	\$825.00
Warrant 2021-028	
Gabriel, Roeder, Smith & Co., Invoice #464356	\$6,790.00
FPPTA Invoice #5163 & #5164	\$1,650.00
Warrant 2021-029	
Trustees Balistreri & Pilch and Hoekstra per diem	\$660.00
Warrant 2021-030	
Southeastern Advisory Services quarter ending 9/30/2021	\$4,885.25
KSDT, CPA Invoice #106011	\$500.00
Warrant 2021-031	
Klausner, Kaufmann, Jensen & Levinson 9/30/2021 Invoice	\$1,500.00
Warrant 2021-032	
Judith Hoekstra – reimburse expenses FPPTA School	\$943.82
Warrant 2021-033	
Garcia, Hamilton & Associates Inv. #34457 10-1-2021	\$5,250.28
FPPTA Invoice #5551 2022 membership renewal	\$750.00
Invoice #5552 2021 & 2022 CPPT Re-Certification	\$310.00
Warrant 2021-034	
Gabriel, Roeder, Smith & Co., Invoice #465970	\$2,000.00
FPPTA Inv #5724 Registration for Winter School Trustee Mays	\$850.00
Klausner, Kaufman, Jensen & Levinson 10/31/2021	0

3rd Quarter 2021 Rate of Return is -0.19% Net of Fees
GASB No. 68 Disclosure Information for Reporting Year Ending September 30, 2021
Independent Contractor Signed Agreement for Bookkeeping Services
Saxena White Third Quarter 2021 Monitoring Report

Chairman Balistreri asked for a motion to approve the consent agenda. Trustee Mays made the motion to approve the consent agenda, seconded by Trustee Pilch. Approved Unanimously

Kurt Lofers introduced himself to the Board. He is newly hired by Southeastern Advisory Services, he is managing director and senior investment consultant and started on October 11, 2021. He has 20 plus years of experience with 17 to 18 years in investment analysis and investment consulting. He worked for Invesco, Merrill Lynch and his last place of employment was Consequent Capital Management. Chair Balistreri thanked & welcomed Kurt.

New Business

- Garcia Hamilton 3rd quarter Portfolio 9/30/2021
Janna Hamilton & Jeff Detwiler were present via zoom

Janna thanked the Board for their business and managing the Fixed Income

Jeff Detwiler went over the report with the Board

- Portfolio Value on 9-30-2021 \$10,472,882.60 Accrued Interest \$27,682.67 Total \$10,500,565.20
- Outperformed 14 out of 18 years
- Still trying to outperform the benchmark
- The last quarter of 2019 and the first quarter of 2020 impacted their 3-5 year numbers (virus & interest rates dropping).
- They are a high-quality manager; they do not have any triple B rated securities or high yield debt or derivatives of any kind.
- Inflationary Pressures – Housing Prices, Gas Prices, Car Prices, and Food Prices all are up at the same time.
- Unemployment down to 4.2%
- There are more jobs than people to fill them
- Businesses had to raise wages to fill the jobs
- Massive outperformance by Low Quality Over the Year – BBB-rated securities outperformed market-weighted blend of A and AA securities by 331 bps
- Added Mortgages to the portfolio specifically 15 year and 20 year high coupon year mortgages.
- Fixed Income Portfolio Characteristics – Cash 4% - Treasuries 49% - Corporates 19%
Mortgages 28%

Trustee Mays asked if they anticipate getting a stronger position in mortgages? Yes, they anticipate to add mortgages as they see attractive opportunity.

Trustee Farrell asked, what happened to the 1 year, 3 year & 5 year numbers? Those were the benchmarks that were constantly being looked at by the trustees and consultants. What is it that has thrown off from 2018 forward, we seem to have lost those 3 benchmarks? What's it going to take for the 1 year, 3 year & 5 year numbers to get back to where they used to be so that when looking at the report the consultant can say, yes, they beat the index we want them to beat?

Jeff Detwiler said the under performance in the most recent years are going to be the biggest impact to the 3 year and 5 year numbers, so 14 of 18 obviously isn't going to have the bigger impact on the 3 year & 5 year numbers. They are going to have a bigger impact on the 10 year numbers, 15 year numbers & since inception numbers.

To make up the under performance from 2019 & 2020 specifically what they will need to see is for the yield to rise back to where they were prior to the virus and prior to the Trump trade wars.

They need to outperform year over year in order to show good numbers. If not performing year over year on a constant basis then that 3 year number & 5 year number aren't going to be there. The market is starting to move in their favor.

Janna added, when you get a couple years of bad performance it drags down the 3 & 5 year numbers and you just need to get a few good years of performance to bring those numbers back up and then it will drop off one of the bad ones. It gets frustrating when it makes it look like your 3 & 5 year numbers are totally bad but in reality the total 3 & 5 year numbers are not bad. They are trying to dig out of that hole.

Trustee Aron asked if the board has a general investment policy that allows us to maybe diversify something out of fixed income to some other type of investments that provide a higher return?

Chair Balistreri said John Small will go over the rest of the performance and Trustee Aron can ask about the investment policy and if Trustee Aron doesn't have a copy we will make sure he gets a copy.

- Southeastern Advisory Services Quarter Ending September 30, 2021
John Small & Kurt Lofters were present via zoom

Attorney Levinson asked John Small to explain a little about Southeastern Advisory Services to new Trustee Aron. John Small gave a brief overview to Trustee Aron.

John Small went over the 3rd quarter performance with the Board.

- S&P 500 0.6% for the quarter, one year 30.0%, 3 year 16.0%
- The EAFE Index -0.5% for the quarter, 25.7% for the one year, 3 year 7.6%
- BbgBarc U.S. Aggregate 0.1% for the quarter, - 0.9% for the one year, 5.4% 3 year
- 91 Day Treasury Bills 0.0% for the quarter, 0.1% for one year, 1.2% 3 years
- CPI 1.0% for the quarter, 5.4% for the one year, 2.8% 3 years

Portfolio Growth

For the quarter there was a loss (\$54,961)
\$34,142,418 for the quarter ending 9/30/21

**Performance Comparison
Total Fund Analysis 3rd quarter**

Composite Fund	3 rd Quarter	-0.2%/61 st	1 year	20.1%/65 th	3 years	10.2%/60 th	5 years	10.4%/54 th
Actuarial Return Assumption		1.65%		6.6%		6.6%		6.6%
Target Index*		-0.5%/74 th		22.0%/47 th		12.4%/12 th		10.34/56 th

Equity Analysis**3rd Quarter**

- Vanguard Russell 1000 3rd quarter 0.3% – 1 year 31.1%
*Vanguard Russell 1000 was funded on June 16, 2016
- Vanguard Mid Cap Value 3rd quarter -0.2%/26th – 1 year 40.4%
*Vanguard Mid Cap Value was funded on June 14, 2016
- Eaton Vance SMID Cap 3rd quarter -2.4% - 1 year 34.9%
*Eaton Vance SMID Cap was funded on June 16, 2016

Fixed Income Analysis

- Garcia Hamilton Fixed 3rd quarter -0.1% 1 year -1.1%
- Vanguard Ultra Short Bond 3rd quarter 0.1% 1 year 0.7%

Allocation of Assets for the Quarter Ending September 30, 2021

- Equity 62.2% - International 0.0% - Fixed Income 29.6% - Cash 8.2%

Objectives and Policy Review

- The total rate of return should equal or exceed the Consumer Price Index plus 5% over a rolling three year period. Achieved 10.2%
- The total rate of return should rank in the top half of the Wilshire Cooperative Public Fund Universe over a rolling three-year period. Not Achieved 60th
- Each security class to exceed the appropriate selected unmanaged market index over a rolling three year period. Garcia Hamilton – Fixed – Not Achieved 3.6%

Asset Allocation – Actual – Quarter Ending 9/30/21

Everything within range: Equity 62.2% - Fixed Income 29.6% - Cash 8.2%
No violations of policy.

John Small announced that he has sold ownership of the company to Jeff Swanson in a stock purchase transaction. Kurt Lofters was hired October 2021 as a Managing Director & Chief Compliance Officer. Kurt will be assuming all of John Small's day to day functions and will be taking over the Wilton Manors Pension Account. John Small thanked the Board and said he enjoyed working with Wilton Manors over the past 30 years.

Chair Balistreri asked how long will John be with Southeastern Advisory? John said it is open ended.

He will be on call to answer any questions, call or email him.

Trustee Mays asked about the Garcia Hamilton Invoice. He noticed we were only charged 20 bp, our fee is 25 bp. John Small said they either made an error or gifted us, their fee is 25 bp.

Trustee Farrell when do we tell a manager they are not beating our benchmark or the benchmark you said you could beat? Trustee Farrell would like some reassurance from a Trustees standpoint.

Kurt Lofters said as we see the interest rates rise & the Fed's start to move the Fed's rates up, the performance of Garcia Hamilton becomes integral as to whether you keep or replace them. Garcia Hamilton was taking a defensive stance expecting that to happen. It did happen with the Stimulus that was put out there. We are starting to see the Fed's change course. If we start to see interest rates rise and we don't see Garcia Hamilton outperform from a performance

standpoint, that's when we can say we understand why you went defensive but now interest rates are rising and we don't see that outperformance we expected.

From the standpoint whether we should move to an index fund, typically the time to be in an active passive index fund are when interest rates are going down. As interest rates rise active managers become more important.

- Discussion NCPERS Membership

Chair Balistreri said if no trustee is interested in NCPERS we will not renew the membership. No one was interested so the membership will not be renewed. Attorney Levinson said since we are not going to pay the membership no motion is needed.

Trustee Aron was informed to attend the Florida Public Pension Trustees Association schools to get certified in Florida.

Trustee Farrell gave a summary about the FPPTA to new trustee David Aron. A schedule of classes will be given to David so he can make plans to attend. Attorney Levinson said that David could contact him to discuss further.

- Discussion Current Employees Board

Chair Balistreri said he emailed Attorney Levinson about the composition of the board.

"Currently our board consists of 1 active general employee, 1 active police employee, 2 residents and one at large member. With this being a closed pension plan and employees retiring off to the point we may not have people to fill these positions soon, what are our options? Is this something that our board needs to discuss and make changes to if it is determined we would like to do that or is that decision need to be made by the Commission?" Attorney Levinson said, "once the active drop below 10 a retiree can take their seat."

- Policies for Travel & Education

Trustee Mays said he would like to take some of our informal policies and put them in a more formal written policy, they then could be given to new trustees. Trustee Mays said he would volunteer to go over the policies and bring them back before the board to discuss. Trustee Mays asked Attorney Levinson if he may have some sample policies from other boards that he can look over. Attorney Levinson said we can discuss this further at the next meeting.

- City Contribution

Chair Balistreri said when he started on the board the assumption rate was 7% and now it is down to 6.6%. Because of the mortality rate changing we were at 6.8% and was able to drop to 6.6%.

Attorney Levinson said our one-year number was 20.1%, we are assuming 6.6% and our return was 20.1%. What should our assumption rate be, the board makes that decision. We have been gradually lowering our assumption rate because we are a closed plan, we should be conservative. Trustee Mays said his recommendation would be to lower from 6.6% to 6.5% and also ask the actuary what the city's contribution would be if we lowered to 6.4%. Chair Balistreri asked the other trustees what their thought was on this and all agreed with Bob's recommendation. Trustee Mays suggested that we ask the actuary what the city's contribution would be at 6.6%, 6.5% and 6.4%. There was a brief discussion about the assumption rate. Trustee Farrell made a motion to ask the actuary to come back to our March meeting or earlier to the Finance Director that would be better. Using the gain from the 20% return to lower down the rate with whatever that will purchase, along with the 6.6%, 6.5% and 6.4%, seconded by Trustee Aron.

Approved Unanimously

Bookkeeping.

- Bookkeeping Contract

Chair Balistreri asked the Finance Director Pennie Zuercher if she had received any bookkeeping from John Wall. Ms. Zuercher said she has not received anything from John Wall but some contracts & other things were given to GRS for the new bookkeeper. Trustee Aaron asked why the books for September have not yet been closed? Chair Balistreri said that our previous bookkeeper fell behind and the board elected to hire a new bookkeeper through GRS. We are in the transition period right now, that is why some of the bookkeeping is still behind. Attorney Levinson said he will send an email to our outgoing bookkeeper stating that the board is requesting a status report. Trustee Aron made a motion that if by December 15th Joan Wall does not have the books closed for the fiscal year we will then have the new bookkeeper contact our custodian to get the information and closeout the fiscal year, seconded by Trustee Farrell. Trustees Pilch, Farrell, Aron & Chair Balistreri approved the motion, Trustee Mays did not approve he was a Nay.

Chair Balistreri said the bookkeeping contract that the board approved was signed by him. He just wanted that mentioned and it is in the backup for the trustees to review.

Attorney Report

Everything is quiet in Tallahassee on any pension issues. Pension meetings are a lot easier when you get good financial numbers. Attorney Levinson wished the board a Happy New Year and Happy Holidays.

Reports from Board Members

Trustee Pilch nothing

Trustee Mays nothing

Trustee Farrell Yes, brought up the fact that John Small sold the ownership of Southeastern to Jeff Swanson. He seemed a little concerned about this but Attorney Levinson said if we feel uncomfortable we can always put out RFP's. It is always good to wait to see how they perform. Trustee Aron asked when did we find out about this turnover. Attorney Levinson said he just found out today.

Trustee Aron nothing

Adjournment

Chair Balistreri adjourned the meeting at 7:35 PM.

Respectfully Submitted,



Judith A. Hoekstra

Recording Secretary



Chair Balistreri, chair