

## AGENDA

### City of Wilton Manors General Employee & Police Pension Meeting

Tuesday June 19, 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:**

March 29, 2022 Hybrid Pension Meeting

May 2, 2022 Special Pension Meeting

**Motion to Receive and File:**

Warrant 2022-012		
▪ Judith A. Hoekstra – March 29, 2022 Invoice		\$862.50
Warrant 2022-013		
▪ KSDT, CPA – Invoice #112841 9/30/2021		\$9,890.00
▪ Southeastern Advisory Service quarter ending 3/31/2022		\$5,227.00
Warrant 2022-014		
▪ Gabriel, Roeder, Smith & Co. Inv #470508		\$4,950.00
▪ Klausner, Kaufman, Jensen & Levinson 3/31/2022		\$1,175.00
Warrant 2022-015		
▪ Klausner, Kaufman, Jensen & Levinson 4/30/2022		\$550.00
▪ Garcia Hamilton Invoice 35363 – 3/31/2022		\$5,083.46
Warrant 2022-016		
▪ FPPTA – Registration Biagio Balistreti		\$850.00
Warrant 2022-017		
▪ FPPTA – Registration Hoekstra & Farrell		\$1,750.00
▪ Klausner, Kaufman, Jensen & Levinson May 31, 2022		\$1,750.00
▪ Gabriel, Roeder, Smith & Co. Inv #471404		\$11,223.00
Warrant 2022-018		
▪ Balistreri, Farrell & Hoekstra Per Diem FPPTA Conference		\$708.00
Warrant 2022-019		
▪ Southeastern Advisory Services quarter ending 5/31/2022		\$5,227.00
Warrant 2022-020		
▪ Reimbursement FPPTA expenses Hoekstra		\$1,109.04
▪ Reimbursement FPPTA expenses Balistreri		\$640.98
Warrant 2022-021		
▪ Reimbursement FPPTA expenses Farrell		\$806.85
▪ Klausner, Kaufman, Jensen & Levinson – June 30, 2022		0

## AGENDA (con't)

### Motion to Receive & File (con't)

1<sup>st</sup> Quarter 2022 Rate of Return is -3.41% Net of Fees  
Saxena White First Quarter 2022 Monitoring Report  
Resignation of Trustee John Pilch as of July 5, 2022

### 7. NEW BUSINESS

- Renewal – Fiduciary Liability Insurance 7/25/2022 – 7/25<sup>26</sup>/2023 \$8,140.59
- Gabriel Roeder Smith & Company  
Actuarial Valuation 10/1/2021-9/30/2022
- Garcia Hamilton 1<sup>st</sup> quarter Portfolio March 31, 2022
- Southeastern Advisory Services 1st Quarter Ending March 31, 2022

### 8. BOOKKEEPER

### 9. PRESENTATIONS – Core +

- a) Principal – Gregory Pittenger – in attendance at meeting
- b) J. P. Morgan – Kate Hurley – via Phone

### 10. ATTORNEY REPORT

### 11. REPORTS FROM BOARD MEMBERS

### 12. ADJOURNMENT

**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 5:30 PM

**ROLL CALL**

Present at meeting: Chair Balistreri, Trustees Mays, Pilch & Aron  
Trustee Farrell was present virtually.

**Others Present:** Pennie Zuercher – Jeff Swanson

**Virtually Present:** George Farrell – Adam Levinson – Kurt Lofters – Janna Hamilton  
Jeanne Kennedy – Eric Leventhal

**ADDITIONS/DELETIONS**

None

**CONSENT AGENDA**

**Approval of Minutes:**

December 7, 2021 Hybrid Pension Meeting

**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 December 1, 2021 Invoice	\$743.75
Warrant 2021-038	
• Klausner, Kaufman, Jensen & Levinson 11/30/2021 Invoice	\$125.00
Warrant 2021-039	
• Joan Wall, Bookkeeper – Services 7/1/2021-12/14/2021	\$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 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 1/31/2022	\$1,000.00
Warrant 2022-010	
• KSDT, CPA – Invoice #111573 2/28/2022	\$1,000.00
Warrant 2022-011	
• Gabriel, Roeder, Smith & Co., Invoice #469348 Bookkeeping	\$4,650.00
Invoice #469520 Actuarial Svcs.	\$4,500.00

4<sup>th</sup> 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

**NEW BUSINESS**

KSDT, CPA – Presentation of Draft Audit 9/30/2021

Eric Leventhal was virtually present to go over the draft financial statements with the Board. Eric started with the Independent Auditor's Report. They are issuing what is known as an unmodified opinion because the financial information he is about to go over is presented in accordance with the general accounting principals without modification.

Page 8 of report – Statement of Fiduciary Net Position as of September 30, 2021  
 Total Net Position Restricted for Pensions \$32,165,013 2021 last year 2020 \$27,638,013 an Increase of \$4,527,450. This is the additions of Contributions \$1,753,874 & Investment income \$5,582,284 Total additions = \$7,336,158 minus Total deductions = \$2,808,708 = Net Increase \$4,527,450  
 Page 9 shows the changes - Net increase in net position restricted for pensions \$4,527,450  
 Net Position restricted for pensions – beginning \$27,638,013  
 Net Position restricted for pensions – ending \$32,165,463  
 Administrative Expenses – (2021) \$73,226 - (2020) \$95,840 the explanation is broken down on page 20 of the report. No red flags were raised.

Eric asked to go over the Plan membership as of September 30, 2021  
 Inactive Plan Participants 78 should be 79  
 Active Plan Participants 5 should be 4  
                                   83                  83

The last two pages is the Independent Audit Control.  
 If any deficiencies were found, they would have to report it to the Board.  
 There were no matters of internal controls nor any deficiencies to report to the Board.  
 Full cooperation from the service providers and there were no problems.  
 There was one more report Eric went over with the Board, which is the Independent Auditor's Report on Internal Control Over Financial Reporting. The purpose of this report is solely to describe the scope of the testing of internal control compliance and the results of that testing. This is not to provide an opinion on the effectiveness of the Plans internal control on compliance.  
 This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Plans internal control and compliance.

Attorney Levinson said a motion was needed to approve the draft audit. Trustee Farrell made the motion to approve the draft audit with the correction of Plan Membership, seconded by Trustee Mays. Approved Unanimously

Trustee Mays made the motion to authorize Chairman Balistreri to sign the Representation Letter, seconded by Trustee Farrell. Approved Unanimously

Trustee Mays asked Eric if there was full cooperation with the staff. Eric said they had full cooperation with everyone and was able to get through the audit smoothly.

Attorney Levinson asked Eric what he sees with regards to investment return assumption that can help the board as they go through the process over the remainder of the year with their actuary and investment consultant. Eric went over a Census Report with the board and said the information he is about to share is publicly accessible and it is a census of all the audits that they performed as of September 30<sup>th</sup>. Wilton Manors is at 6.6% and it is a very conservative number. Eric wasn't sure how many of the plans on his report are closed plans. Trustee Farrell said that Cooper City is a closed plan the Fire Plan assumption rate is 6.25% and the Police Plans assumption rate is 6.6%, Attorney Levinson said he thinks they have been a closed plan for quite a while. FRS just moved to 6.8%. This is what the board needs to talk to the Actuary & Investment Consultant about. Chairman Balistreri Asked Kurt Lofters from Southeastern Advisory his thoughts on the assumption rate of return. Kurt said they are seeing the rate of return coming down depending on the circumstances of the Plan. From a trend standpoint, they are seeing the rate of return coming down. Jeff Swanson said our rate of return is fine considering we are a closed plan. If we are in a position to continue to bring it down that is very constructive and they also can work on the asset allocation to bring up the expected return of the portfolio. Doing both is the right way to go.

#### Garcia Hamilton 4<sup>th</sup> quarter Portfolio 12/31/2021

Janna Hamilton was present virtually.

- This report is the first quarter of the fiscal year.
- They are an Intermediate Fixed Income Manager
- They are high quality Fixed Income Manager at Garcia Hamilton & Associates
- They don't do anything better than an "A" or better in our portfolio
- High quality did better than low quality in 2021 it was a banner year for triple "B's"
- They did outperform for the quarter down 25 basis points for the intermediate index and the benchmark was down 57 basis points

Updated performance February 2022

- |                         |       |           |       |
|-------------------------|-------|-----------|-------|
| • month to date-account | -0.47 | Benchmark | -0.66 |
| • Quarter to date       | -1.43 |           | -2.11 |
| • One year              | -1.85 |           | -2.46 |

As of year to date January, February, and March 28th

- account is down -3.33 the benchmark is down -4.96 really coming ahead of the benchmark
- Quality is doing very well
- We are ahead of the five-year number. They are happy to see this turn and very happy to see how quick.
- Not out of the woods yet but they are in the place in the fixed income area that you would want to be in. In the shorter duration of the fixed income market area and in the quality area of the fixed income market.
- The Fed has been so accommodating that is why we saw the triple B and lower quality do so well
- They expect The Fed to increase interest rates because inflation has been so troublesome, and they expect inflation to continue.

Southeastern Advisory Services – Quarter Ending December 31, 2021

Jeff Swanson was present at the meeting and Kurt Lofters was virtually present.

- Jeff Swanson is the new owner of Southeastern, John Small has retired and Kurt Lofters is the Managing Director. They are our new consulting team. Jeff Swanson has been with Southeastern Advisory for 15 years and has been doing consulting work for 30 years.
- Kurt Lofters is in the Atlanta office, and he joined Southeastern Advisory October 2021 and is a Managing Director as well as a Senior Investment Consultant. He was with Capital Management.

Kurt went over the December 31, 2021 Performance Analysis with the Board.

- The Fund continues to grow
- For the 4<sup>th</sup> quarter of 2021 that translates to a 5.8% return for the quarter and for the calendar year a 15.6% return.

Allocation of Assets – Current Allocation

- Domestic Equity 62.6%
- Cash 10.1%
- Fixed Income 27.3%
- International Equity 0.0%
- Real Estate 0.0%

For the Quarter:

- Total Fund – Gross of Fees 5.8%      Total Fund – Net of Fees 5.8%
- Total Domestic Equities 9.5%      Total Fixed Income -0.2%

Fixed Income & Cash Performance Comparisons

- Garcia Hamilton – Fixed for the Quarter -0.2% vs -0.6%
- Vanguard Ultra Short Bond for the Quarter -0.2% vs 0.0%

Jeff Swanson said the Plan has done well.

- The Equity part of the portfolio is well diversified.
- Fixed Income has lagged because of its conservatism
- Even their closed Plans with a negative cash flow have much less fixed income because of this risk of significantly higher rates ahead of us. The asset class that is commonly accepted by Florida Public Plans has very low fiduciary risk because of transparency is, private real estate. Jeff said he is recommending between \$3 and \$5 million allocation to private real estate fund. The asset class is a little bit different from the real estate we all know and understand as homeowners. Real estate today is fully valued but has the best prospects as compared to public equity and fixed income
- The number one reason to include this in our portfolio is, today the portfolio is relying on just two asset classes stocks and bonds. Real estate does have very valuable diversification benefits, it performs well when stocks and bonds are not doing well very often. It has the ability and has shown a history of performing in periods when rates are going up, just like they are today. The reason Jeff likes this asset class, there is a significant supply of multifamily and industrial. Office & retail are a little challenged because of COVID and people working from home. In comparison to fixed income, real estate is a valuable diversifier.

Horizon Survey

- Surveys the largest investment consultants in the country to find out what they think the asset class will deliver in the future. Jeff discussed the horizon survey with the board and feels this is the way they should go. The plan has 28% fixed income with Garcia Hamilton and about 9% in cash.

The Board had a lengthy discussion on adding Real Estate to the Investment Policy. Trustee Farrell said he would like to add it to the Investment Policy and get it approved by the State. There was a motion by Trustee Farrell to change the Direct Real Estate, Permissible Range to 0%-25% in the draft Investment Policy on page 5, seconded by Trustee Mays. Approved Unanimously

Jeff Swanson went over the alternative allocations and why real assets versus bonds with the board. After a lengthy discussion the board decided to have 2 core real estate managers and 2 core plus and value add managers give presentations. A decision was made to hold a special meeting to discuss the assumption rate and to have 2 core real estate managers who Jeff will select to give a presentation at the special meeting (date to be announced) and at the regular pension meeting in June the core plus and value add managers will give their presentation at that meeting.

Core is the lowest risk, it's all developed property fully leased and very low leverage 30% or less in leverage.

Core + is plus a little extra the leverage may go up from 30% and may add 5% development or properties they may renovate.

Value Add is where you have a significant part of portfolio development brown field type projects.

Based on their selections Value Add the only one is J P Morgan and they deleted them because their minimum is too high for us, and the rest are Core +. We would be in the two lower risk categories of real estate.

Attorney Levinson asked Jeff what was our exposure to Russia? Jeff answered, no exposure to Russia.

Chairman Balistreri asked Attorney Levinson about the Tax Notice the board was given. Attorney Levinson said this is just an updated form that came from his office. No action on the special tax notice it is something Judy will use going forward.

## **BOOKKEEPING SERVICES**

Jeanne Kennedy, Bookkeeper was present virtually. She introduced herself to the Board and said she is a contracted bookkeeper hired by GRS and does work for several other pension plans. Jeanne said the transition went smoothly. Jeanne said she received the documentation late December from Joan Wall and she started in January. She had to go back and do the whole fiscal year to get it ready for the audit and as of today she is all caught up. Jeanne was told that the financials were combined and at the end of the year the Fire is separated from the General and Police. Jeanne was able to do that allocation schedule. Going further she will do the financials monthly and will start that in March. Trustee Mays said he was pleased to see the financials coming in and he knows she had a lot of work to recreate the year. He said he is happy to have her working with the board. Pennie Zuercher, Finance Director said she was also pleased with Jeanne's work and looks forward to receiving the monthly financials, which will help a lot.

## **ATTORNEY REPORT**

The legislature did not adopt any bills relating to pensions.

The FRS lowered their investment return assumption to 6.8%.

Reminder about Form 1 Disclosures, try to get them done early and call if there are any questions.

When the board receives the Real Estate books they can reach out to Jeff or call Attorney Levinson.

Trustee Mays said he noticed on one of the invoices that he (Attorney Levinson) had a conversation with the City Attorney about ordinances. Is the City contemplating any ordinance changes that would affect the pension plan? Attorney Levinson said the City Attorney reached out to him about some changes to the ordinance. It is more housekeeping. Attorney Levinson said he would keep the board posted on this matter.

Pennie Zuercher, Finance Director said the city is doing a major overhaul at the direction of the commission.

#### REPORTS FROM BOARD MEMBERS

Trustee Mays said he asked about our Custodian, Regions Bank to attend a meeting and it hasn't happened. He would like to have a presentation from Regions Bank to introduce the company and staff to the board and what their role is regards to the pension plan. Trustee Mays said he would like to set it up for the September pension board meeting. Chairman Balistreri asked Judy to contact Regions Bank to invite them to this September pension board meeting.

Trustee Farrell questioned why the assumption rate was not on the agenda for this meeting. It was discussed at the last meeting and GRS was to have that information for us at this meeting. Chairman Balistreri said he was out of the office and did not see the agenda until today. Attorney Levinson said he did not relay anything to GRS about the assumption rate and possibly it did not get to them to prepare the information we asked for. Trustee Mays asked Chairman Balistreri to get the request to GRS and have them present it at the special meeting.

Trustee Farrell said he attended the last FPPTA school.

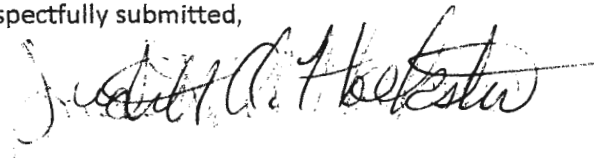
Trustee Mays said he completed and passed the CPPT course and is certified.

Chairman Balistreri was also in attendance at the last FPPTA. school

#### ADJOURNMENT

Trustee Pilch made a motion to adjourn the meeting seconded by Trustee Aron.

Respectfully submitted,



Judith A. Hoekstra

Recording Secretary

