

**CITY OF PUNTA GORDA POLICE OFFICERS'
RETIREMENT SYSTEM PENSION BOARD OF TRUSTEES
QUARTERLY MEETING MINUTES
CITY HALL, COUNCIL CHAMBERS
326 W. MARION AVENUE, PUNTA GORDA, FL 33950**

Wednesday, September 29, 2021 at 10:00AM

TRUSTEES PRESENT: Dylan Renz
Chris Salsman
Jerry O'Halloran
Sam Kiburz

TRUSTEES ABSENT: Greg Andrulonis

OTHERS PRESENT: Scott Christiansen, Christiansen & Dehner
Chrissy Stoker, Foster & Foster
Kerry Richardville, AndCo Consulting
Members of the Public

1. **Call to Order** – Dylan Renz called the meeting to order at 10:00AM and a quorum was determined.
2. **Roll Call** – As reflected above.
3. **Public Comments** – None.
4. **Approval of Minutes**

The Board approved the June 17, 2021, quarterly meeting minutes as presented, upon motion by Jerry O'Halloran and second by Sam Kiburz; motion carried 3-0.

5. **Consent Agenda**
 - a. Payment ratification
 - i. Warrant #24
 1. Foster & Foster, invoice #20283, \$1,400.00
 2. Christiansen & Dehner, invoice #34741, \$552.00
 3. Gibson & Wirt, invoice #2655, \$3,619.00
 - ii. Warrant #25
 1. AndCo, invoice #38651, \$4,500.00
 2. Christiansen & Dehner, invoice #34800, \$867.10
 3. Garcia Hamilton & Associates, invoice #34087, \$4,143.12
 4. Foster & Foster, invoice #20561, \$1,421.28
 5. Salem Trust, 2nd quarter fees, \$3,934.85
 - iii. Warrant #26
 1. Christiansen & Dehner, invoice #34850, \$143.40
 2. Foster & Foster, invoice #21140, \$1,476.51
 - b. New invoices for payment
 - i. None
 - c. Fund Activity Report for June 11, 2021 – September 9, 2021

The consent agenda was approved as presented, upon motion by Jerry O'Halloran and second by Sam Kiburz; motion carried 3-0.

6. **New Business**

a. Proposed meeting dates

- i. Scott Christiansen commented the proposed meeting dates and times came from his office and were coordinated with the General pension board, as the expenses were shared. Scott added the General board already approved these dates.
- ii. Sam Kiburz commented he was unable to attend the meeting on 3/17/22 and requested the Board to reschedule. Scott Christiansen commented the meeting could still take place if there was a quorum.

The Board approved the 2022 meeting dates as presented, upon motion by Jerry O'Halloran and second by Sam Kiburz; motion carried 3-0

b. Proposed budget

- i. Chrissy Stoker reviewed the budget requirement and each expenditure type.

Note: Chris Salsman arrived at 10:05AM.

- ii. Scott Christiansen reminded the Board they did not have to spend all the funds in the budget, it was just an estimate of administrative expenses. Scott commented there was usually some cushion added into each expenditure line so they did not exceed the total budget amount and have to amend the budget.

The Board voted to approve the 2021-2022 budget as presented, upon motion by Jerry O'Halloran and second by Sam Kiburz; motion carried 4-0.

7. **Old Business** – None.

8. **Reports**

a. AndCo Consulting, Investment Consultant, Kerry Richardville

- i. Quarterly report as of June 30, 2021
 1. Kerry Richardville gave an overview of the market environment over the quarter.
 2. The MVA as of 6/30/21 was \$24,249,832.
 3. Kerry Richardville reviewed the asset allocation of the fund versus the targets, commenting they were comfortably within the policy parameters and she did not have any recommendations for rebalancing at this time.
 4. The gross total fund returns for the quarter were 6.07%, outperforming the benchmark of 5.74%. The 1, 3, 5 and 10-year returns were 27.29%, 13.59%, 12.09% and 9.32%. Since inception (10/1/1998), total fund net returns were 7.45%, outperforming the benchmark of 6.96%.
 5. Kerry Richardville reviewed the comparative performance of the fund.
 6. Sam Kiburz discussed the IM US Multi-Cap Core Equity (MF) Median and the importance of sticking with mutual funds.
 7. Kerry Richardville and Sam Kiburz discussed Garcia Hamilton Fixed Income. Kerry commented a lot of her plans were having Garcia Hamilton come in to present and she could invite them to present to the Board if they would like. Sam discussed Garcia Hamilton and their strategy commenting they should stick with them over the next few quarters and see if their performance improved.
 8. Jerry O'Halloran asked if they had too much money allocated to domestic fixed income and Kerry Richardville commented they could decrease it some. Jerry commented he would like to see a smaller allocation to fixed income and a larger allocation to equity. Kerry Richardville commented she could model different asset allocation mixes

for the Board to see. Jerry O'Halloran asked how the fund's allocation to international equity compared with other plans. Kerry commented the majority of her plans had about 15% in international equity.

9. Sam Kiburz commented he did not think the portfolio should have any fixed income. Sam and Jerry O'Halloran discussed stocks versus bonds in the portfolio over the long term. Jerry commented he thought the allocation to fixed income was too high. Jerry commented there were a lot of ways to generate income in a portfolio other than bonds and although bonds were safe, equities always outperformed bonds over the long term. Scott Christiansen commented if they were using a 10 or 15-year number in the actuarial valuation, what Jerry was saying would make sense, but the actuarial valuation used a 4-year average return and if they were all in equities and there were a couple of bad years, the City's required contribution amount would go way up. Scott commented bonds tempered the risk that could occur in a stocks-only portfolio.
 10. Scott Christiansen and Jerry O'Halloran discussed the 4-year average used in actuarial valuations.
 11. Jerry O'Halloran commented he would like to see more ways to generate investment gains besides fixed income. Kerry Richardville commented she brought a booklet of other investment ideas for discussion.
 12. Scott Christiansen commented this was one of the few plans he worked with that did not have any real estate investments. Kerry Richardville reviewed the fund's history with real estate.
 13. Kerry Richardville and the Board discussed real estate investment options.
 14. Kerry Richardville commented she could model different mixes of investments and bring multi-asset managers in a booklet to the next meeting. Jerry O'Halloran asked if Kerry could send this booklet out earlier than usual and Kerry stated she would.
- i. Flash Report as of August 31, 2021
 1. Kerry Richardville commented the value of the fund as of 8/31/21 was \$25,071,307.
 2. Kerry Richardville commented the returns for the Fiscal YTD were 23.84% and 1.94% for the month of August, outperforming the benchmarks of 23.44% and 1.72%, respectively.
 3. Kerry Richardville commented September had been more volatile, but they were in a great position as of the end of August.
- b. Christiansen & Dehner, Board Attorney, Scott Christiansen
 - i. Scott Christiansen commented all trustees filed their financial disclosure forms on time.
 - ii. Scott Christiansen reminded the Administrator to prepare the report of actual expenses for the next meeting.
 - iii. Scott Christiansen commented the plan received approximately \$223,437 in State Monies this year, compared to last year's distribution of approximately \$222,000. Chrissy Stoker commented the funds were deposited on 8/27/21 and Kerry Richardville commented the money was put to work on 9/1/21.
 - iv. Scott Christiansen referenced the legal representation letter, commenting he was downsizing his practice once again but would continue to represent the Board.
 - v. Scott Christiansen presented the updated Summary Plan Description (SPD) and reviewed the changes made. Chrissy Stoker commented there was a spelling error on Page 13, and Scott added he would update this page to list her as the Administrator.

The Board voted to approve the updated Summary Plan Description with the revisions to Exhibit A as discussed, upon motion by Chris Salsman and second by Jerry O'Halloran; motion carried 4-0.

- ii. Update on proposed Ordinance
 - 1. Scott Christiansen reminded the Board the proposed Ordinance was to incorporate the new Required Minimum Distribution (RMD) age. Scott commented the proposed Ordinance had been sent to the City Manager, but he did not know its status. Chrissy Stoker commented she would reach out to the City to find out if it had been considered by Council yet.
- c. Foster & Foster, Plan Administrator, Chrissy Stoker
 - i. Chrissy Stoker commented Kim Kilgore would still be an Administrator assigned to the plan, but she would be attending future meetings as a second Administrator, as she lived in Fort Myers and Kim lived in Tallahassee. Chrissy commented she looked forward to working with the Board.
 - ii. Update on State Monies
 - 1. Chrissy Stoker reiterated the plan received \$223,437.50 from the State Monies distribution, which was \$668.95 more than the prior year.
 - iii. Educational opportunities
 - 1. Chrissy Stoker reviewed the upcoming educational opportunities. The Board discussed possibly joining the FPPTA in 2022 and Chrissy commented she would bring information on membership fees and upcoming conferences to the next quarterly meeting. Chrissy commented she would also send information on the Division of Retirement conference to the Trustees.

9. Trustee Reports, Discussions, and Action

- a. COLA discussion
 - i. Chris Salsman commented there had not been a Cost-of-Living-Adjustment (COLA) for retirees since 2003. Scott Christiansen commented a COLA must be requested through the pension board and if it was approved, it would then go to the City Council for consideration. Scott commented this was called an "ad hoc COLA" and the Board and the City could implement a one-time increase to the current benefits. Scott commented the COLA in 2003 was 2.1% for all retirees in payment status.
 - ii. Chris Salsman commented he wanted to see a fixed annual COLA, such as one tied to the Consumer Price Index (CPI), or a fixed percentage each year.
 - iii. Scott Christiansen commented an ad hoc COLA was an increase for people already retired, and the cost would be paid for by the City. Scott added the actuary would need to do a study to determine the cost of the ad hoc COLA.
 - iv. Scott Christiansen commented a fixed annual COLA would be applicable to all members and would be significantly more expensive than an ad hoc COLA. Scott commented they could increase the member contribution rate to pay for it, have the membership and the City split the cost, or have the City could pay the entire cost, but this may need to be negotiated.
 - v. Chris Salsman commented an ad hoc COLA should be considered since it had been 18 years since the last increase. Chris commented they should look at an annual COLA increase over the long term but for today's meeting they should focus on the ad hoc COLA.
 - vi. Scott Christiansen commented the Board could approve the actuary to prepare a study based on the 10/1/21 valuation to see the cost of an ad hoc COLA. Sam Kiburz commented they should have a study done to see the cost of an ad hoc COLA and an annual COLA increase going forward. Scott commented this would

be two separate studies, and the City and/or the Union would have to pay for the cost of the study of the annual COLA.

The Board voted to authorize the actuary to perform studies requested by the City and/or the Union so long as the requesting party agreed to pay for the cost of the study, upon motion by Sam Kiburz and second by Jerry O'Halloran; motion carried 4-0.

- vii. Scott Christiansen commented there were different ways to do a COLA. Scott commented they could have a 3% annual COLA, but this would be expensive. Scott commented when they requested the study, they could look at the cost of a 1% annual COLA, and a 2% COLA would be twice as expensive, a 3% COLA would be three times as much, etc. Scott commented some plans began COLA increases only after a member was retired for a certain amount of time, and some plans only provided a COLA for a certain number of years rather than over a retiree's lifetime.
- viii. Scott Christiansen commented ad hoc COLAs were often based upon the number of years of retirement, for example, anyone retired at least 1 year would receive a 2% increase for each year they were retired but not to exceed 6%. Chris Salsman and Dylan Renz commented they liked the idea of using a sliding scale as Scott suggested. Scott added they could always do 1% per year up to a 6% maximum so people who were retired longer would receive a bigger increase.

The Board voted to authorize the actuary with the October 1, 2021, valuation to do a study to provide for an ad hoc COLA providing for an increase for anyone in payment status of 1% per year that they have been retired up to a maximum of 6%, and only for those members who were retired for at least one year at the time the ad hoc COLA was instituted; upon motion by Sam Kiburz and second by Chris Salsman; motion carried 4-0.

10. **Adjournment** – The meeting adjourned at 11:30AM.

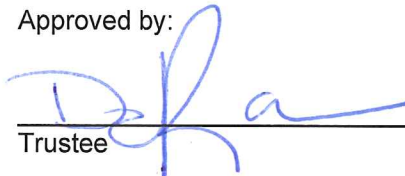
11. **Next Meeting** – December 16, 2021, at 1:30PM, Quarterly Meeting

Respectfully submitted by:



Chrissy Stoker, Plan Administrator

Approved by:



Trustee

Date Approved by the Pension Board: December 16, 2021