

Pledge of Alligence

Call to Order

Vice Chair Farrell called the virtual meeting of the Wilton Manors GE & Police Pension Board of Trustees to order at 5:35 pm

Roll Call

Present at Meeting Bob Mays, John Pilch, Brian Vodicka

Virtually Present George Farrell

Not Present Working Biagio Balistreri

Others Present

Attorney Adam Levinson, Pennie Zuercher, Finance Director

Others Virtually Present

Theora Braccialarghe, Melissa Zrelack Actuaries, John Small, Southeastern Advisory Services Janna Hamilton, Jeff Detwiler & Mark Delaney, Garcia Hamilton & Associates

Additions/Deletions

None

Comments from the Public

None

Consent Agenda

Approval of Minutes:

March 2, 2021 Virtual Pension Meeting

Motion to Receive and File:

Warrant 2021-007

Judith A. Hoekstra Administrative Services 3/2/2021 \$1,137.50

KSDT, CPA – Invoice 07307 2/28/2021 \$8,400.00

Warrant 2021-008

FPPTA – Advance Class for Trustee Vodicka \$450.00

Warrant 2021-009

Klausner, Kaufman, Jensen & Levinson 2/28/2021 Invoice \$875.00

Warrant 2021-010

Gabriel Roeder Smith & Co. - Invoice #460896 \$4,500.00

Warrant 2021-011

Southeastern Advisory Services quarter ending 3/31/2021 \$4,885.25

Klausner, Kaufman, Jensen & Levinson 3/31/2021 Invoice \$1,587.50

Warrant 2021-012

Gabriel Roeder Smith – Invoice #461768 \$750.00

Warrant 2021-013

Garcia Hamilton & Associates Invoices #33678 4/5/2021 \$4,361.55

Warrant 2021-014

FPPTA Invoice #4427 Conference Registration for Trustee Mays \$775.00

Warrant 2021-015

Klausner, Kaufman, Jensen & Levinson 5/31/2021 Invoice \$1,000.00

Klausner, Kaufman, Jensren & Levinson 4/30/2021 0

1st Quarter 2021 Rate of Return is 4.6% Net of Fees

Copy of Signed Auditor's Representation Letter

Deposit Letter to Regions Bank refund from FPPTA 3 checks \$2,400.00

Saxena White – First Quarter 2021 Monitoring Report

New Business

Gabriel Roeder Smith & Company

Presentation of Actuarial Valuation September 30, 2020

Melissa went over the Actuarial Valuation.

- Total required employer contribution this year \$1,651,838, last year \$1,666,916 a little bit down this year.
 - Page 7 explains the summary of valuation results for all employees.
 - Payment Required to Amortize (UAAL) **2020** - \$1,452,796 and **2019** - \$1,471,029
 - Total Normal Cost (for current year) \$ 184,591 \$ 185,579
 - Interest \$ 56,817 \$ 57,485
 - Total Required Contribution \$1,694,204 \$1,714,093
 - Expected Member Contribution \$ 42,366 \$ 47,177
 - Total Remaining Required City Contribution \$1,651,838 \$1,666,916
- Pretty much in line like last year.
- Page 8 shows the results for just General Employees and page 9 the results for Police
 - Page 12 Unfunded Actuarial Accrued Liability for General Employees
Total Amount \$4,677,596 and the payment \$642,553
 - Page 14 Unfunded Actuarial Accrued Liability for Police Officers
Total Amount \$6,004,290 and the payment \$810,243
 - Page 19 Schedule of Funding Progress
The Actuarial Valuation Date of 10/1/11 the Funded Ratio was 64.9%
The Actuarial Valuation Date of 10/1/20 the Funded Ratio is 72.0% this is due to lowering the amortization period and lowering the investment return assumption from 6.9% to 6.6%. At a previous meeting it was agreed to stay at 6.6% and Melissa said they are comfortable with the 6.6%. GRS will monitor this every year to see if the investment return assumption can be lowered.
 - The development of funding assets for both the General Employees and Police Officers was explained to the board. Actual Market Value at End of Year – General \$12,641,406 and Police \$14,996,607.
 - Investment Rate of Return 5.7% after smoothing 5.8%
 - Summary of Valuation Results – Payment Required to Amortize UAAL \$1,491,386
Interest \$60,568
 - Remaining City Contribution \$1,651,838
 - The Funded Ratio 72.0%

Vice-Chair Farrell asked for a motion to approve the Valuation. Trustee Vodicka made the motion to approve the Actuarial Valuation, seconded by Trustee Pilch. Ayes: Trustee Mays, Trustee Pilch, Trustee Vodicka and Vice Chair Farrell. Nays: None

Garcia Hamilton & Associates – Quarter Ending March 31, 2021

Janna Hamilton introduced, Jeff Detwiler, Portfolio Manager and Partner and Mark Delaney, Senior Portfolio Manager, Strategist.

Janna started on the performance and stated they were right on the index for the quarter & the Fiscal YTD. The one year number was up a percent and a quarter ahead of the benchmark. This is an intermediate portfolio and very conservative and everything in the portfolio is rated A or better.

Jeff Detwiler said their duration positioning worked against them and really goes back to 2019.

- 2019 we had the trade wars, never thought this would bring the country into a recession
- They saw the economy performing well & they saw very strong labor markets, consumer confidence was high, & small business optimism was high
- Started getting trade deals and interest rates started to rise
- Early on it was not working and towards the end of 2019 it started working and then the virus hit
- When the virus hit that sent interest rates to all time lows
- For the four quarters of 2019 and the first quarter of 2020 our duration period was not good
- During that volatility they took the opportunity to rotate the portfolio to invest in high quality corporate bonds which was extremely hard
- Starting to see interest rates rise & things are starting to work for them.

Jeff went over the portfolio with the Board.

- Page 2 Risk Tools – Duration Contributions – Yield Curve Positioning
- Average Options Adjusted Spreads (Graph on page 3)
- Intermediate Financial Bonds Spreads Ratio (Graph on page 4)
- MBS Index – Statistics Covid-19 12/31/2020 excess return -0.17
Greece 12/30/2011 excess return -1.06
GFC 12/31/2008 excess return -2.32
- Page 6 Pre-Payment Speeds vs. 10-Year Treasury Yield graph
- Excess Returns in Rising Rate Environments:
7-29-16 to 10-31-18 – 7-31-12 to 12-31-13 – 12-31-08 to 12-31-09 – 5-30-03 to 5-31-04
- Risk Tools – Yield Curve Positioning May 2021 Portfolio 6-8 2.90 8-10 0.00
BB US Intermediate Govt./Credit 6-8 16.76 8-10 6.97
- Yield Curve Changes – 2Yr – 10 Yr Dec 2019 0.35 June 2020 0.50 May 2021 1.44
- Jeff went over the graphs on Page 10-11 & 12 and then had Mark Delaney continue.

Mark went over the last few pages in the portfolio – pages 13-16

- Inflationary Pressures Everywhere – Housing Prices, Rental Rates, Car Prices & Food Prices
- Fixed Income Portfolio Characteristics – 1% Cash, 48% Treasuries, 19% Corporates, 3% Agencies, 29% Mortgages

Trustee Mays asked what's the approximate duration of just the government bonds portion of the portfolio? The duration of contribution is roughly 2 years, the average duration is about 4 years.

Acting Chair Farrell thanked Garcia Hamilton for presenting their performance portfolio.

Southeastern Advisory Services First Quarter – March 31, 2021

John Small was virtually present to go over the 1st quarter performance with the Board.

- S&P 500 6.2% for the quarter, one year 56.4%, 3 year 16.8%
- The EAFE Index 3.5% for the quarter, 44.6% for the one year, 3 year 6.0%
- BbgBarc U.S. Aggregate -3.4% for the quarter, 0.7% for the one year, 4.7% 3 year
- 91 Day Treasury Bills 0.0% for the quarter, 0.1% for one year, 1.5% 3 years
- CPI 1.7% for the quarter, 2.6% for the one year, 2.0% 3 years

Portfolio Growth

For the quarter there was a gain \$1,502,185
\$34,088,762 for the quarter ending 3/31/21

Performance Comparison

Total Fund Analysis 1st quarter

Composite Fund	4.6%/18 th	– 1 year 35.8%/50 th	– 3 years 11.0%/30 th	– 5 years 10.6%/47 th
Actuarial Return Assumption	1.8%	7.0%	7.0%	7.0%
Target Index*	4.7%/14 th	41.4%/13 th	12.1%/7 th	10.3%/55 th

Equity Analysis

1st Quarter

- Vanguard Russell 1000 5.9%/93rd – 1 year 60.6%/31st
*Vanguard Russell 1000 was funded on June 16, 2016
- Vanguard Mid Cap Value 13.7%/26th – 1 year 69.7%/55th
*Vanguard Mid Cap Value was funded on June 14, 2016
- Eaton Vance SMID Cap 8.5%/64th - 1 year 65.8%/85th
*Eaton Vance SMID Cap was funded on June 16, 2016
- Garcia Hamilton Fixed -1.8%/66th – 1 year 3.0%/63rd
- Vanguard Ultra Short Bond 0.2% – 1 year 2.7%

Allocation of Assets for the Quarter Ending March 31, 2021

- Equity 65.7% - International 0.0% - Fixed Income 25.5% - Cash 8.8%

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 11.0%
- The total rate of return should rank in the top half of the Wilshire Cooperative Public Fund Universe over a rolling three year period. Achieved 30th
- Each security class to exceed the appropriate selected unmanaged market index over a rolling three year period. Garcia Hamilton – Fixed – Not Achieved 3.8%
- Percentile Rank of Manager in Appropriate Universe Must Exceed the Median (50th percentile) Garcia Hamilton Fixed Income – Not Achieved 63rd
- Percentile Rank of Manager in Appropriate Universe Must Place Within the Top Third (33 1/3 percentile). Garcia Hamilton Fixed Income – Not Achieved 88th

Asset Allocation – Actual – Quarter Ending 3/31/21

Everything within range: Equity 65.7% - Fixed Income 25.5% - Cash 8.8%
No violations of policy. Everything within range.

Trustee Farrell said over the years we changed comparisons for managers. Over the years Garcia Hamilton has performed well with the comparison we had them against. We may need to change what we are judging them against so they fit into what we have them for. Trustee Farrell said he would be on board with that or maybe find a new manager. There is an issue when they don't meet what we are judging them against and in the past they were meeting what we judged them against, something has changed. John said he hears where Trustee Farrell is coming from and asked everyone to turn to page 27 and went over the performance comparisons for Garcia Hamilton & BBG Barc Int Govt/Credit from March 2012 to March 2021. There were only 2 years where they fell below, March 2019 3.94 vs 4.24 and March 2020 4.32 vs 6.88. John feels they explained it very well, they made a mistake. They didn't expect COVID to impact bonds the way they did. John thinks they are doing ok.

We have always compared Garcia Hamilton to the Fixed Income Universe, but there is nothing in the Investment Policy that says we have to compare the fixed income manager to the Wishire Fixed Income, John Small said we will compare them to the Barclays Intermediate Bond Index and that would be their goal.

Vice Chair Farrell & the board had a discussion about the performance of Garcia Hamilton. Trustee Mays said he doesn't think this is a good time to change managers.

Fixed Income Manager Comparison - 2014-2021

John Small went over the fixed income comparison with the Board.

Manager

1 st quarter 2021	Garcia Hamilton (gross) -1.8%
	Dodge & Cox Fixed (DODIX) (net) -2.5%
Vanguard Interm-Term Bond Index I (VBIMX) (net)	-4.2%
Western Asset Core Bond (WATFX) (net)	-4.0%

Index

BB Interm Govt/Credit	-1.9%
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Draft – Fixed Income Securities

There were three revisions on the draft.

1.b. No issues may be purchased with more than 15 years to maturity. The duration of the fixed income portfolio shall not exceed 135% of the duration of the Bloomberg Barclays Intermediate Bond Index.

2.a. "A" rated securities rated by a nationally recognized rating agencies. Should an issue receive a split rating, the lower rating will apply. Those securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio.

3.8. Investments in mutual funds, or commingled funds, or exchange-traded funds (ETFs) are permitted. The Board recognizes that those funds' investments will be dictated by their policies and guidelines and that no additional constraints may be imposed on them.

These new guidelines will not affect Garcia Hamilton. Trustee Mays said the Investment Policy should be kept up to date.

Trustee Farrell asked why make a change that doesn't affect our present manager, why not get a manager that would meet these recommendations.

John Small said we haven't changed these guidelines in over 20 years. Trustee Vodicka asked if changes were made, what changes would be made? John Small said the above changes he has made.

Trustee Mays made a motion to adopt the changes recommended by John Small, seconded by Trustee Vodicka. Vote: Ayes: Trustee Pilch, Vodicka, Mays & Acting Chair Farrell. Nays: None

Attorney Report

Attorney Levinson spoke to the Board about what is happening in Tallahassee.

Change to FRS future hires, they would not be able to be in the defined benefit plan anymore, everyone would have to go into the investment plan. Senate Bill 84 was adopted on the Senate side, died on the House side. This has nothing to do with us, but will probably be a topic of discussion at future Schools.

Attorney Levinson reminded the Board to fill out their Form 1 Disclosures before July 1st.

Trustee Mays asked about Saxena White. Attorney Levinson said Saxena White is one of the law firms that brings class action law suits and they also bring corporate law suits.

They monitor the portfolio at no charge.

Reports from Board Members

Trustee Mays asked about Joan Wall, why she wasn't at the meeting? Attorney Levinson said he called her after the Fire Pension Meeting and she said she was ok and didn't know she should attend. Pennie Zuercher, Finance Director said she still has not received the quarterly reports from Joan. There was a discussion on the bookkeeping and Vice Chair Farrell said he would like to have GRS put together a list of bookkeeping services and the cost of these services. Vice Chair Farrell asked to add on the next agenda, "discussion of bookkeeping services." Trustee Vodicka made a motion to add the "discussion of bookkeeping services" on the next agenda, seconded by Vice Chair Farrell. Vote: Ayes: Trustees Mays, Pilch, Farrell & Vodicka. Nayes: None

Joan Wall, Bookkeeper

Not present

Adjournment

Trustee Mays made motion to adjourn the meeting, seconded by Trustee Vodicka.
Approved Unanimously



Respectfully submitted,

Judith A. Hoekstra
Recording Secretary



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 September 7, 2021 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:

June 15, 2021 Hybrid Pension Meeting

Motion to Receive and File:

Warrant 2021-016	
• Professional Indemnity Insurance	\$7,699.00
Warrant 2021-017	
• Gabriel Roeder Smith & Co. Inv #462740	\$11,500.00
• Judith A. Hoekstra June 15 th Invoice	\$850.00
Warrant 2021-018	
• Trustee Bob Mays – per diem FPPTA Conference	\$220.00
Warrant 2021-019	
• Southeastern Advisory Services quarter ending 6/30/2021	\$4,885.25
• Klausner, Kaufman, Jensen & Levinson June 30 th Invoice	\$1,625.00
Warrant 2021-020	
• Joan Wall, Bookkeeper 2/2/2021-6/30/2021	\$2,354.39
Warrant 2021-021	
• Trustee Bob Mays reimburse expenses FPPTA Conf	\$784.36
Warrant 2021-022	
• FPPTA Invoice #4822 2020 CPPT Re-Certification	\$155.00
Warrant 2021-023	
• Trustee Brian Vodicka Reimburse Expenses NCPERS Seminar	\$850.00
Warrant 2021-024	
• FPPTA Registration for Fall School Balistreni & Hoekstra	\$1,650.00
Warrant 2021-025	
• Garcia Hamilton & Associates Invoice #34005	\$4,379.56
Klausner, Kaufman, Jensren & Levinson 7/31/2021	0

September 7, 2021 AGENDA (con't)

2nd Quarter 2021 Rate of Return is 4.7% Net of Fees
Fiduciary Insurance Binder of Insurance
Saxena White – Second Quarter 2021 Monitoring Report

7. NEW BUSINESS

- KSDT – Approval of Engagement Letter for Auditing Services
- Garcia Hamilton 2nd Quarter Portfolio 6/30/2021
- Southeastern Advisory Services Quarter Ending June 30, 2021
- Fixed Income Manager Comparison 2014-2021
- Asset Allocation 9/30/2021
- Discussion of Bookkeeping Services

8. JOAN WALL, 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: Fire and Pension Board of Trustees Meetings

Time: This is a recurring meeting Meet anytime

Join Zoom Meeting

<https://wiltonmanors.zoom.us/j/91643534394?pwd=Vng0WGdzNXIVcU9rdUdMMHNtallqdz09>

Meeting ID: 916 4353 4394

Passcode: 719791

One tap mobile

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Dial by your location

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+1 253 215 8782 US (Tacoma)

+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

833 548 0276 US Toll-free

833 548 0282 US Toll-free

Meeting ID: 916 4353 4394

Find your local number. <https://wiltonmanors.zoom.us/j/91643534394>