

**CITY OF NEPTUNE BEACH POLICE OFFICERS' RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
QUARTERLY MEETING MINUTES  
City Hall, Council Chambers  
116 First Street, Neptune Beach, FL 32266**

Friday, May 19, 2023, at 1:00 PM

**TRUSTEES PRESENT:** John Jolly  
Dustin Kamppi  
Michael Phillips (via video)  
Leona Sheddan  
Joe Dzamko

**TRUSTEES ABSENT:** None

**OTHERS PRESENT:** John Thinnis, AndCo Consulting (via video)  
Pedro Herrera, Sugarman, Susskind, Braswell & Herrera (via video)  
Doug Lozen, Foster & Foster (via phone)  
Michelle Rodriguez, Foster & Foster

1. **Call to Order** Dustin Kamppi called the meeting to order at 1:10 PM.
2. **Roll Call** As reflected above.
3. **Public Comments**
  - i. Michael Key commented he believed the police pension plan should have a Cost-of-Living Adjustment (COLA) and he believed it was the responsibility of the pension board to champion this issue. Michael requested the pension board have the actuary complete a cost study to start the process of implementing a COLA into the plan provisions.
4. **Approval of Minutes**

**The minutes from the February 10, 2023, quarterly meeting were approved, upon motion by Leona Sheddan and second by John Jolly; motion carried 4-0.**

5. **Consent Agenda**
  - i. Warrant for ratification
    1. Warrant #85
  - ii. Warrant for approval
    1. None
  - iii. Fund activity quarterly report
    1. For the period of February 4, 2023 to May 12, 2023

**The Consent Agenda was approved as presented, upon motion by John Jolly and second by Leona Sheddan; motion carried 4-0.**

6. **New Business**
  - i. Council appointed trustee seat
    1. Dustin Kamppi introduced new trustee Michael Phillips.
  - ii. Election of Officers

**The Board voted to approve Dustin Kamppi as Chair, upon motion by Leona Sheddan and second by John Jolly; motion carried 4-0.**

**The Board voted to approve Joe Dzamko as Vice-Chair, upon motion by Dustin Kamppi and second by Leona Sheddan; motion carried 4-0.**

**The Board voted to approve Leona Sheddan as Secretary, upon motion by Joe Dzamko and second by John Jolly; motion carried 4-0.**

**7. Old Business**

i. COLA Study

1. Dustin Kamppi commented he thought the Board should request a COLA study as a first step, and maybe include some other options for provision enhancements.
2. Leona Sheddan commented with the current City Council lineup the timing was perfect to bring this COLA and suggested the Board hold a workshop with City Council to discuss the options.
3. Pedro Herrera commented the process for scheduling a workshop would be the same as a quarterly meeting.

**8. Reports**

i. Foster & Foster, Doug Lozen, Plan Actuary

1. October 1, 2022 Actuarial Valuation Report
  - a. Doug Lozen explained the City's prepaid contribution of \$700,323.44. Doug commented the contribution required would increase due to investment losses and for budgeting purposes the City could use this to pay the required contributions for this year.

**The Board approved the October 1, 2022, valuation report as presented, upon motion by John Jolly and second by Leona Sheddan; motion carried 4-0.**

**The Board voted the declaration of returns for the plan shall be 7.50% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by Leona Sheddan and second by Joe Dzamko ; motion carried 4.0.**

ii. AndCo Consulting, John Thinnes, Investment Consultant

1. Quarterly report as of March 31, 2023
  - i. John Thinnes reviewed the market environment over the last quarter and commented large cap stocks did pretty well outperforming small cap stocks. John commented bonds and fixed income funds have had their worst year.
  - ii. John Thinnes reviewed the history of rate hikes and commented at 5.50% the Federal Reserve was expected to pause raising rates.
  - iii. John Thinnes reviewed the asset classes and commented the fund was in balance with the Investment Policy Statement (IPS).
  - iv. The market value of assets as of March 31, 2023, was \$10,920,407.
  - v. The asset allocation at the end of quarter was Domestic Equity at 53.20%, International Equity at 10.30% and Domestic Fixed Income at 36.50%.
  - vi. Gross earnings for the quarter for the total fund were 5.24% outperforming the benchmark of 5.01%. The trailing returns for the FYTD, 3, 5, 7 and 10-year periods were 12.46%, 8.35%, 5.43%, 6.70% and 6.55%. Since inception (6/1/2002) returns were 6.42%, outperforming the policy benchmark of 6.15%.

- vii. John Thinnas reviewed the individual asset allocations of the fund and commented he did not have any recommendations for changes at this time.
- iii. Sugarman & Susskind, Pedro Herrera, Attorney
  - 1. Legislative/legal update
    - i. Pedro Herrera reviewed House Bill 3 that recently passed the Florida House and Senate and would go into effect July 1, 2023. Pedro explained this bill changed the definition of a fiduciary of public pension plans. Pedro commented the bill stipulated that only pecuniary factors may be used when making investment decisions and specifically prohibits trustees to consider Environmental, Social and Governance (ESG) factors when making investment decisions.
    - ii. Pedro Herrera commented the legislation did not prohibit any specific funds, but rather seeks to regulate the reason for choosing funds. Pedro commented this Board was already in compliance because they were using data points provided by their investment consultant to make all of their investment decisions.
    - iii. Pedro Herrera commented this new legislation would require additional reporting requirements, however the State had not yet issued guidance on the process for reporting, but he did know it would need to be done bi-annually.
  - 2. Financial Disclosure Forms
    - i. Pedro Herrera reminded the Board to submit their financial disclosure forms by July 1<sup>st</sup>. Pedro commented there was a new financial disclosure form that only applied to publicly elected officials and not pension board trustees.
  - 3. Kessler Topaz Fee Agreement
    - i. Pedro Herrera commented Kessler Topaz was a portfolio monitoring firm that monitored for potential securities litigation cases and provided claims filing services at no charge. Pedro advised the Board they were now proposing a 4.00% contingency fee on any money recovered from securities litigation cases.

**The Board voted to authorize the proposed fee agreement as presented, upon motion by John Jolly and second by Leona Sheddan; motion carried 4-0.**

**9. Staff Reports, Discussion, and Action**

- i. Foster & Foster, Michelle Rodriguez, Plan Administrator
  - 1. State Annual Report update
    - i. Chief Financial Officer (CFO) Jaimie Hernandez advised the Board the audit would be presented to the City Council for approval on Wednesday, May 24, 2023.
    - ii. Michelle Rodriguez commented she would forward it to the State for submission with the annual report.
  - 2. Educational opportunities
    - i. Michelle Rodriguez reviewed upcoming educational opportunities available to the Board.

**10. Trustee Reports, Discussion, and Action**

- i. Joe Dzamko asked the administrator to send the members their annual statements via email.

**11. Adjournment** The meeting adjourned at 2:28 PM.

**12. Next Meeting** August 11, 2023, quarterly meeting at 1:00 PM.

Respectfully submitted by:

Approved by:

\_\_\_\_\_  
Michelle Rodriguez, Plan Administrator

\_\_\_\_\_  
Dustin Kamppi, Chair

Date Approved by the Pension Board: \_\_\_\_\_

DRAFT