

**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**

Monday, February 5, 2024, at 1:00 PM

TRUSTEES PRESENT: Dustin Kamppi
Michael Phillips
Leona Sheddan
Joe Dzamko

TRUSTEES ABSENT: John Jolly

OTHERS PRESENT: John Thinnes, AndCo Consulting
Pedro Herrera, Sugarman, Susskind, Braswell & Herrera (via video)
Jaime Hernandez, City Finance Director
Michelle Rodriguez, Foster & Foster

1. **Call to Order** Dustin Kamppi called the meeting to order at 1:04 PM.
2. **Roll Call** As reflected above.
3. **Public Comments** – None.
4. **Approval of Minutes**

The minutes from the November 6, 2023, quarterly meeting were approved, upon motion by Michael Phillips and second by Joe Dzamko; motion carried 4-0.

5. **Consent Agenda**
 - a. Warrant for ratification
 1. Warrant #91
 - b. Warrant for approval
 1. None
 - c. Fund activity quarterly report
 1. For the period of November 1, 2023 to January 31, 2024

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

6. **New Business**

- a. Dustin Kamppi asked for a Summary Plan Description update. Pedro Herrera commented the plan administrator should update the Summary Plan Description.
- b. Dustin Kamppi asked Pedro Herrera his thoughts on the recent movement towards an 8-year Deferred Retirement Option Plan (DROP). Pedro commented there were pros and cons. Pedro commented a longer DROP allowed the member to accumulate a larger DROP balance by participating longer. Pedro added it could also be advantageous for the employer because it allowed them to plan better by extending the DROP. Pedro commented one downside was that a longer DROP had the potential to stagnate promotions.

7. Old Business – None.

8. Reports

- a. AndCo Consulting, John Thinnis, Investment Consultant
 1. Quarterly report as of December 31, 2023
 - i. John Thinnis reviewed the market environment over the last quarter and commented rate hikes were expected to stop. John commented the benchmark was down 6.00% for real estate.
 - ii. John Thinnis reviewed the asset allocations of the plan and did not have any recommendations for rebalancing.
 - iii. The market value of assets as of December 31, 2023, was \$11,920,045.
 - iv. The asset allocation at the end of quarter was Domestic Equity at 56.00%, International Equity at 10.20% and Domestic Fixed Income at 32.50%.
 - v. Gross earnings for the quarter for the total fund were 9.66% outperforming the benchmark of 8.90%. The trailing returns for the FYTD, 3, 5, 7 and 10-year periods were 9.66%, 3.66%, 8.64%, 7.64% and 6.60%. Since inception (6/1/2002) returns were 6.68%, outperforming the policy benchmark of 6.40%.
 - vi. John Thinnis reviewed the performance of individual funds and did not have any recommendations for changes.
 - vii. Leona Sheddan asked why they did not invest in Real Estate. John Thinnis commented the Ordinance did not allow the plan to invest in Real Estate and when they considered allowing real estate investments it was put on the back burner because of COVID. John added now that there had been a downturn in the Real Estate market, they may want to wait a little longer to make that decision.
 - viii. Michael Phillips asked if AndCo made the decision to invest in international funds. John Thinnis explained AndCo could make recommendations, however it was the Board who

- ultimately made all investment decisions. Mike commented he would prefer having less exposure to international funds.
- ix. John Thinnis advised the Board Mariner Financial had acquired AndCo. John added he did not expect any changes in service or personnel.
 - x. Pedro Herrera commented he was recommending the Board formally consent to the new entity, and then update the contract once the acquisition finalized on April 1, 2024.

The Board voted to formally consent to accept the new entity, upon motion by Michael Phillips and second by Leona Sheddan; motion carried 4-0.

- b. Sugarman & Susskind, Pedro Herrera, Plan Attorney
 - 1. Legislative update
 - i. Pedro Herrera commented nothing had been filed in the legislature that would affect any local law plans in the State of Florida.
 - 2. Electronic Filing for Financial Disclosure Forms
 - i. Pedro Herrera reviewed the new electronic reporting requirements and added the Form 6 did not apply to pension board trustees; it was only for publicly elected officials.
 - 3. Pedro Herrera asked for an update on the September 30, 2022 audit.
 - 4. Finance Director Jaime Hernandez commented it was expected to be delivered at the end of the month.
 - 5. Pedro Herrera asked how the City had been completing the Comprehensive Annual Financial Reports (CAFRs).
 - 6. Jaime Hernandez said they had been in touch with the Department of Management Services to ask for extensions.
 - 7. Pedro Herrera asked when the September 30, 2023 audit would be delivered.
 - 8. Jaime Hernandez stated it would be at least 3 to 4 months after the September 30, 2022 audit was done.
 - 9. Pedro Herrera commented the State would probably withhold 175 money and added the actuary should be made aware of this so they could decide if they should leave out the anticipated State monies out of the upcoming actuarial valuation report.

9. Staff Reports, Discussion, and Action

- a. Foster & Foster, Michelle Rodriguez, Plan Administrator
 - 1. Pension Portal Update
 - i. Michelle Rodriguez commented she was working with the City on the bi-weekly pay feeds.
 - ii. Dustin Kamppi commented he wanted the members Share Plan statements on the portal.

10. Trustee Reports, Discussion, and Action – None.

11. Adjournment The meeting adjourned at 2:04 PM.

12. Next Meeting May 17, 2024, quarterly meeting at 1:00 PM.

Respectfully submitted by:

Approved by:

Plan Administrator

Dustin Kamppi, Chair

Date Approved by the Pension Board: _____

DRAFT