

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
January 23, 2025**

Approved _____

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The meeting was called to order at 8:30 AM.

1. Roll Call

Roland Berrios – present
Jason Chockley – present
Van Szeto - present
Tena Granit - present
Mike Nadeau – absent

Guests

Jorge Friguls and James Reno– Mariner Institutional
Margie Adcock– Pension Resource Center
Piotr Krekora-GRS
Richelle Cook – American Realty
David Siegel - Sawgrass Asset Management

2. Public Comments

There were no public comments.

4. Presentations

A. American Realty –Richelle Cook

Ms. Cook provided a brief background on the firm. They are headquartered in Los Angeles. She noted that the firm was not impacted by the recent fires in LA. They are 100% employee owned and have 90 employees with 70 employees in LA. There have been no changes to the firm.

Ms. Cook reviewed the American Core Realty Fund. This is their open-ended flagship fund. Ms. Cook stated that the American Core Realty Fund has a \$7.11 billion gross assets under management. It is a very diversified portfolio. There are 80 investments. The leveraging is about 24.8%. She stated that it is a little bit higher than their usual leverage of about 20% to 23%. They have a large line of credit of \$500 million. They are 91.9% leased. She stated that the downturn that affected the real estate is about 8 quarters. It has been dependent on appraisals and there has not been a lot of activity. When transactions stop, it is hard to get good appraisal values.

Ms. Cook reviewed performance as of December 31, 2024. The portfolio was up .72% net of fees for the quarter while the portfolio was up 5.33% since inception. She stated she was excited to see a positive number for the quarter. She reviewed their diversification across markets and property types. Their highest sector weighting is in industrial at 34.6%. She stated that office is down to 15.4% and they are down to 7 properties. They have been reducing office since 2018 because they believed interest rates were going to increase. There is one problematic property they have in the portfolio that is located in Seattle. Amazon moved out of that building and they had some life science potential tenants that were going to move in but then Covid happened. They love the building so are holding on to it for now. It is 54% occupied now. Retail has been doing really well even if they do not have much of it. They have grocery anchored retail properties, not shopping malls.

B. Sawgrass Asset – David Siegel– Quarterly Presentation

Mr. Siegel stated that he was the fixed income portfolio manager. He reported on performance for the quarter ending December 31, 2024. He stated that the portfolio underperformed the benchmark. The total portfolio was down .23% net of fees for the quarter while the benchmark was up 1.70%. The large cap growth portfolio was up 1.25% while the benchmark was up 4.73%. The small cap growth portfolio was up 1.76% while the benchmark was up 1.70%. The fixed income portfolio was down 2.08% while the benchmark was down 1.60%. Mr. Siegel stated that over the long term there has been outperformance.

Mr. Siegel discussed the different portfolios. He reviewed the historical performance of the large cap portfolio. They tend to outperform in positive markets and negative markets. They protect in down markets. They tend to underperform in strong positive markets but do capture growth. The market concentration is at the highest level it has been since 1920. He reviewed the contribution to return for the quarter ending December 31, 2024. He reviewed the top ten contributors and the bottom ten detractors. He reviewed the sector attribution for calendar year 2024. Mr. Siegel stated that their small cap strategy has done very well. They focus on consistent earnings and profitable companies. He thinks the market is in a bit of a transition phase where small cap can do better than large cap. Fixed income has been interesting. The Fed cut interest rates by 50 basis points and then cut two more times by 25 basis points each. The market expectation for 2025 started with 8 further rate cuts but has now reduced that to less than 2 rate cuts in 2025. He thinks there will be 2 to 4 rate cuts in 2025. He expects a few months of a break in rate cuts and expects them later in the year, but things can change very quickly. Inflation needs to get under control.

C. Mariner Institutional – Jorge Friguls and James Reno

Mr. Friguls stated that his position in the firm is changing. He is moving to the defined contribution marketplace. He introduced James Reno and stated that Mr. Reno would be taking over this Plan by the end of the year. He stated that he has been working with Mr. Reno and noted that Mr. Reno has also been working with Brad Hess. Mr. Reno addressed the Board. He stated that he has five years of industry experience, all in investment consulting.

Mr. Friguls provided a market overview for the quarter ending December 31, 2024. He stated that it was a weird quarter capping off a solid year. It was a rollercoaster type of quarter to end the year. Company earnings have been doing well. GDP is at 1.5%. Inflation has moderated. However, there are still broader concerns. For the quarter domestic equities were positive. International and fixed income were negative. All asset classes were positive for the year. Mr. Friguls reviewed the S&P 500 total return index performance from 1926 to 2024. The market is more positive than it is not. There were 73 positive years and 26 negative years. There were 6 years when it was below 20% and 38 years when it was above 20%. He reviewed the compliance checklist. Highland has been struggling on the value focus side. He stated that he will discuss it more at the next meeting when Steve Stack is in attendance.

Mr. Friguls reported on the performance for the quarter ending December 31, 2024. The total market value as of December 31, 2024 was \$42,415,949. He

reviewed the asset allocation. Domestic equities were at 57.6%; domestic fixed income was at 28.7%; real estate was at 12.3%; and cash was at 1.5%. He stated that the allocations are close to the targets. There is a little overweight to equity and underweight to fixed income. It is not extreme where there needs to be a rebalance. There is risk on both sides. Given the uncertainty in both markets, there is no need to do any tactical rebalance.

Mr. Friguls reported on the performance for the quarter ending December 31, 2024. The Fund was down .95% net of fees for the quarter while the benchmark was up .22% net of fees. Total equities were down 1.14% for the quarter while the benchmark was up 1.29%. Total fixed income was down 1.50% for the quarter while the benchmark was down 1.60%. Total real estate was up .69% for the quarter while the benchmark was flat at 0%.

Mr. Friguls reviewed the specific performance of the managers for the quarter ending December 31, 2024. The total Highland Capital portfolio was down 2.12% net of fees for the quarter while their benchmark was down 1.15%. The total Sawgrass portfolio was down .23% net of fees for the quarter while their benchmark was up 1.70%. With respect to equities, Highland Capital was down 2.81% while their benchmark was down 1.11%; and Sawgrass was up 1.43% while their benchmark was up 4.08%. With respect to fixed income, Highland Capital was down .76% and Sawgrass was down 2.12% while their benchmarks were down 1.60%. American Realty was up .69% for the quarter while the NCREIF was flat at 0%. It was noted that ARA had been down less than most other real estate managers during the last couple of years and is now the first to bounce back. They have paid out redemptions. The Fund's redemption should be paid out in the next 2 quarters. It was noted that during the quarter Clarkston was removed from the portfolio and Eaton Vance and the Vanguard Strategic Equity Fund were added. It was a smooth transition.

Mr. Friguls reminded the Board that Tocqueville made a presentation at the last meeting. He noted that after the presentation the Board made no comments regarding that manager. He stated that if the Board wanted to review the fixed income portfolio of the Fund, it might be possible to add a manager with more duration. He stated that Tocqueville is not approved by their research team. They would need to review and perform their due diligence for them to be able to recommend them as a manager. If they were to be added to the Fund's fixed income portfolio, the funding would come from both Highland and Sawgrass. Tocqueville is more of a core fixed income manager. The Board thought Tocqueville was worth looking at. The Board asked Mr. Friguls to have their research team perform their due diligence. If their research team can recommend them as a manager, they would like to see a fixed income review to see if they would be a good fit for the Fund.

Richelle Cook and David Siegel departed the meeting.

C. GRS – Actuarial Valuation- Piotr Krekora

Mr. Krekora appeared before the Board to present the Actuarial Valuation as of October 1, 2024. He stated that the Valuation sets forth the employer contribution for the fiscal year ending September 30, 2026. He stated that the contribution is

about the same as this year. He noted that the BSO contribution is coming down to 0. The total required contribution is \$523,632, with \$523,632 from the City and \$0 from BSO. He stated that this is a decrease of \$16,156 from the prior year. He stated that there were no actuarial assumption changes. The assumed rate of return remained at 6.5%. It was noted that the amortization of the unfunded actuarial accrued liability was reduced from 15 years to 14 years as of October 1, 2024. This amortization period will continue to be reduced by one year each year. There were no revisions in benefits since the prior Valuation. The funded ratio was 93.9% versus 93.1% last year.

Mr. Krekora stated that there was a net actuarial gain of \$204,683. The gains were primarily due to recognizing investment returns above the assumed rate of return. The actual investment return was 14.8% based on the market value of assets and 8.21% based on an actuarial basis. In addition, there were fewer than expected retirements also contributed to the overall gain. The gain was partially offset by higher than expected salary increases (10% versus 6%) and fewer than expected deaths. It was noted that FRS recently changed their mortality rates. As such, the Board will have to adopt the new mortality rates within 2 years after FRS did. He stated that the new mortality rates can be included in the next Valuation. He stated that it will probably be a 1% liability which will add about \$30,000 to \$60,000 in the contribution amount. The Board discussed possibly implementing the FRS new mortality rates with this Valuation. There was a lengthy discussion. The Board decided to have the Actuary revise the Valuation to include the new mortality rates. The Board will hold a special meeting on February 13th to review and approve the revised Valuation.

Mr. Krekora reviewed the Plan maturity measures. He reviewed the actuarially determined employer contribution. He reviewed the development of actuarial value of assets. He reviewed the actuarial value gains and losses. There was a gain due to investments of \$663,319 and loss due to other causes of \$458,636. He reviewed the history of the unfunded actuarial accrued liability and the funded ratio.

It was noted that the Board needed to formally determine the expected rate of return for the short term and long term, as is required by the State. It was noted that the Board will be approve the return of 6.50% in the Valuation.

Mr. Szeto made the motion to determine the expected rate of return using the rate of 6.50%. The motion was seconded by Ms. Granit and approved unanimously by voice vote.

3. Approval of Minutes Summary for Meeting of October 24, 2024.

The minutes of the meeting of October 24, 2024 were reviewed.

Mr. Chockley made the motion to approve the minutes of the meeting of October 24, 2024. The motion was seconded by Mr. Szeto and approved unanimously by voice vote.

5A. Bills and Warrants

- A. GRS- For actuarial services for the quarters ending December 31, 2024 - \$4,811.00
- B. Pension Resource Center—For administrative services for November and December 2024 and January 2025 - \$8,902.41

- C. Mariner Institutional – Quarterly Fee for period ending 12/31/24 - \$11,505.98
- D. Clarkston Capital – Quarterly Fee for final prorated period ending 12/31/24 - \$3,503.00
- E. Highland Capital Management – Quarterly Fee for period ending 12/31/24 - \$15,779.35
- F. Sawgrass Asset Management–Quarterly Fee for period ending 12/31/24- \$21,807.51

Mr. Szeto made the motion to approve items A-F. Ms. Granit seconded the motion, which passed unanimously by voice vote.

5B. Benefit Approvals

- A. Velia Cody, Joint Survivor of Duval Sallustio – The Board reviewed this matter at the last meeting and requested that Ms. Adcock to reach out to the prior Chairman to see if he had any recollection of the matter. Additionally, the Board asked Ms. Adcock to obtain a copy of the final Divorce Decree between Mr. Sallustio and Patricia Jayne, verification that Mr. Sallustio did not remarry, and a copy of the birth certificate of his sister. The information was obtained and reviewed by the Board.

Mr. Chockley made the motion to approve item A. Mr. Szeto seconded the motion, which passed unanimously by voice vote.

6. Report on Fund Activity as of November 30, 2024.

The Board was provided an unaudited financial statement as of November 30, 2024. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.

7. Plan Administrator –Margie Adcock

- A. It was noted that an election was conducted for the Trustee position currently held by Roland Berrios. It was noted that no one submitted their name for the position. As such, Mr. Berrios will continue to serve as a Trustee on the Board.
- B. The Board was provided with the 2025 upcoming conference list. .
- C. The Board was provided with certification from the Resource Centers that they successfully completed their SSAE SOC 1 Audit and received a clean opinion as of September 30, 2024.

8. Old Business

There was no old business.

9 . New Business

- A. The Board was provided with a Memorandum from the Attorney regarding New Withholding Requirements dated November 18, 2024.
- B. The Board was provided with a Memorandum from the Attorney regarding Social Security Fairness Act dated January 10, 2025.

11. Adjournment

There being no further business before the Board, A motion was made and seconded, and the meeting was adjourned.