MEETING MINUTES
SESSION OF THE GENERAL PENSION BOARD
CITY OF KISSIMMEE
CITY HALL, COMMISSION CHAMBERS
101 CHURCH STREET, KISSIMMEE, FLORIDA 34741-5054
THURSDAY, FEBRUARY 23, 2023 AT 9:30 AM

1. **MEETING CALLED TO ORDER AND ROLL CALL Members Present:** Board Member Joe Walk, Vice Chairman Tony Curtis, Board Member Craig Holland, Chairman Christopher Wilson, Board Member Rodney Henderson
   Staff Present: Director of Human Resources Roxane Walton, Marc Niedenthal, Pension Administrator Linda Gomez
   Members Absent: Board Member Janin Bulter, Board Member Beth Stefek

   Chris Wilson called the meeting to order at 09:30 AM.
2. **HEAR AUDIENCE** No one in the audience had any items for discussion.
3. **FINANCIAL AGENDA**

3.A <u>Review of 1st Quarter Financial Report for FY 2023</u>

AndCo Dave West, Consultant provided a review for the 2nd Quarter Investment Report for FY 2023. Dave West made a recommendation to rebalance the mid-cap funds by selling 2% of the Vanguard S&P Mid-Cap and transferring all of the proceeds to the R&D account for operating expenses. This would move the domestic equity allocation back to target.

Craig Holland made a motion to rebalance the mid-cap fund by selling 2% of the Vanguard S&P Mid-Cap index and moving those funds to the R&D account for operating expenses. Rodney Henderson seconded the motion.

AYE: Board Member Christopher Wilson, Board Member Rodney Henderson, Board Member Craig Holland, Board Member Tony Curtis, Board Member Joe Walk.
NAY: None
Motion to Approve Passed 5 - 0.

4. **ADMINISTRATIVE AGENDA**

4.A <u>Approval of General Pension Board Minutes for December 6, 2022</u>

Tony Curtis made a motion to approve the December 6, 2022 minutes. Rodney Henderson seconded the motion.

AYE: Board Member Christopher Wilson, Board Member Rodney Henderson, Board Member Craig Holland, Board Member Tony Curtis, Board Member Joe Walk.
NAY: None
Motion to Approve Passed 5 - 0.

4.B <u>Approval of FY 2022 Actuarial Valuation Report</u>

GRS Trisha Amrose, Consultant, provided a review of the Actuarial Valulation Report for FY 2022. The plan continues to be in very good shape. The funded ratio as of October 1, 2022 is 86.8%, 86.2% for the City and 87.7% for Toho and this funded ratio is right in line with the 130+ plans that we cover with our Ft. Lauderdale office. The city contributions are 21.5%, which is in line with the other non-safety public plans in Florida. This includes the assumption investment rate of return that was reduced by 0.20 % from 7.00% to 6.8%. This assumption change increased the required contribution. This also includes the plan amendment that allows members of the City to enter the Drop at 55 years of age if they have at least 30 years of credited service. Toho also had an amendment that stops pension contributions once the member has reached 30 years of credited service. The report shows details and all of the demographics of how we arrived at the employer contribution.

Motion made by Tony Curtis to approve the Actuarial Valulation Report for FY 2022. Seconded by Joe Walk.

AYE: Board Member Christopher Wilson, Board Member Rodney Henderson, Board Member Craig Holland, Board Member Tony Curtis, Board Member Joe Walk.
NAY: None
Motion to Approve Passed 5 - 0.
Motion to 0 - 0.

Christiansen & Dehner Scott Christiansen, Pension Attorney, indicated that now that we have approved the FY 2022 Actuarial Valulation Report we should make a motion to declare the expected rate of return.

Craig Holland made a motion based on the advice from our consultant, AndCo, who discussed the total expected annual rate of return for our fund. It is reasonable to expect that for the current year, the next several years, and the long-term thereafter, we shall earn 6.8% net of investment expenses. Seconded by Board Member Tony Curtis.

AYE: Board Member Christopher Wilson, Board Member Rodney Henderson, Board Member Craig Holland, Board Member Tony Curtis, Board Member Joe Walk.
NAY: None
Motion to Approve Passed 5 - 0.
Motion to 0 - 0.

4.C <u>Approval of 1st Quarterly Retirements and Return of Contributions for FY 2023</u>

Craig Holland made a motion to Approve the 1st Quarterly Retirements and Return of Contributions for FY 2023. Tony Curtis seconded the motion.

AYE: Board Member Christopher Wilson, Board Member Rodney Henderson, Board Member Craig Holland, Board Member Tony Curtis, Board Member Joe Walk.
NAY: None
Motion to Approve Passed 5 - 0.

4.D <u>Approval of the 1st Quarterly Expenses for FY 2023</u>

Craig Holland made a motion to Approve the 1st Quarterly Expenses for FY 2023. Board Member Joe Walk seconded the motion.

AYE: Board Member Christopher Wilson, Board Member Rodney Henderson, Board Member Craig Holland, Board Member Tony Curtis, Board Member Joe Walk.
NAY: None
Motion to Approve Passed 5 - 0.

4.E <u>Discussion on payroll deduction option for buyback of credited service for prior military or government service</u>

Scott Christiansen, I have reviewed your plan provisions for buy-backs of credited service for prior government and military service. Many of my plans have an option in the plan to allow payment of the buy-back amount to be made by a series of payments, by payroll deduction, instead of in one lump sum as you currently have. There are several options available to the Board with regard to the period of time to make payments. Adding this no-cost payment option to the buy-back sections of the plan may open up this opportunity to those members who may otherwise be unable to obtain a full lump sum payment to purchase years of credited service.

Craig Holland made a motion to authorize Scott to prepare an ordinance to include the EZ payment plan option in the plan. Board Member Rodney Henderson seconded the motion.

AYE: Board Member Christopher Wilson, Board Member Rodney Henderson, Board Member Craig Holland, Board Member Tony Curtis, Board Member Joe Walk.
NAY: None
Motion to Approve Passed 5 - 0.

4.F <u>Review and approve the impact study for the proposed Cola with two options for consideration</u>

The Board requested an impact study from the Actuary to provide a one-time Cost-of-Living Adjustment (COLA) of 3% to all retirees (including DROP participants) and beneficiaries who have been retired for at least two years as of October 1, 2022. The other option was to provide a one-time COLA equal to 2% for each full year of retirement as of October 1, 2022, with a maximum increase of 10%, to all retirees (including DROP participants) and beneficiaries who have been retired for at least two years as of October 1, 2022. For the City of Kissimmee, the increased dollar amount would be $186,590 or 0.93% of covered payroll for the 3% One-Time Cola and for the 2% per year up to 10% One-Time Cola, the cost would be 577,826 or 2.88% of covered payroll. For Toho, the increased dollar amount would be $110,851 or 2.27% of covered payroll for the 3% One-Time Cola and for the 2% per year to 10% One-Time Cola, the cost would be $319,190 or 6.55% of covered payroll.

The Board could meet their requirements as a Board by making consideration of the cost of living allowances for retirees and beneficiaries every three years by reviewing the status of all service retirees, disability retirees, and beneficiaries who are receiving payments from the system for the purpose of considering an ad hoc increase in benefits for all such retirees. In determining the adjustment, if any, the city commission shall consider the actuarial soundness of the system as set forth in the most recent actuarial valuation, the prevailing rate of inflation as reflected in the Consumer Price Index, and lastly, the recommendations of the board of trustees. Scott, my thought is that the Board could meet the requirements as the Board by simply sending this study to the City Manager and the Executive Director for review and consideration of the proposed Cola. They would then decide what is appropriate.

Craig Holland made a motion to forward the requested study to the City Manager and the Executive Director to determine if the two organizations are financially able to consider the proposed ad hoc Cola to the current retirees. Joe Walk seconded the motion.

AYE: Board Member Joe Walk, Board Member Tony Curtis, Board Member Craig Holland, Board Member Chris Wilson, Board Member Rodney Henderson
NAY: None
Motion to Approve Passed 5 - 0.

4.G <u>Request information and arrange a demo of the GRS pension portal</u>

Trisha Amrose, Linda mentioned that a Board member was interested in obtaining information on an online benefit calculator. We do offer a web-based online pension calculator we license with PensionSoft Corp, which is a company that has been in business for over 18 years. Trisha provided an overview of their services. We have a YouTube demo that you can view, there is a one-time set-up fee and an annual fee for maintenance. We can provide a fee quote letter at a later date.

4.H <u>Review and approval for Social Security options within the General retirement plan</u>

Trisha, when I was preparing the benefit calculation for a member, they requested the social security option. They were informed that the social security option currently only provides a life annuity option. Trisha confirmed that there would be no cost to add the Joint and Survivor option to this additional annuity option.

Tony Curtis made a motion to have Scott Christiansen make an amendment to the plan to include the Joint and Survivor option to the social security annuity option. Rodney Henderson seconded the motion.

AYE: Board Member Joe Walk, Board Member Tony Curtis, Board Member Craig Holland, Board Member Chris Wilson, Board Member Rodney Henderson.

NAY: None

Motion to Approve Passed 5 - 0.

5. HEAR THE ATTORNEY

Scott, there were some changes made to the federal law as of the end of last year. They passed the Secure Act 2.0 which has a lot of changes to the retirement plans. Several of the provisions that were changed would have some impact on the language within our plan. I will add some of those changes to the proposed ordinance. I prepared a memo with suggestions to avoid overpayments to retirees from the custodial bank. Several years ago, we invested with Intercontinental Real Estate. I just recently updated the side letter with them to update some of the changes. This includes the most favored nations clause. Tony asked about the status of the Meta/Facebook class action. Scott, will follow up.

6. OLD BUSINESS None

7. NEW BUSINESS

7.A Thank you Chris Wilson, who will no longer serve as the Chairman of the General Employees Retirement Board

Chris Wilson announced his retirement from the Board as he is relocating out of state. We will need to hold an election for his elected position. We are due to re-select the officers during the next meeting.

8. ADJOURNMENT

There being no further business to come before the General Employees' Retirement Board, Chairman Chris Wilson adjourned the meeting at 11:14 AM.

Board Chairman

ATTEST:

Board Secretary