



City of
Panama City Beach

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Firefighters' Pension Board

March 2, 2023

Regular Meeting Minutes

CALL TO ORDER

General Employee Chair Holly White called the meeting to order at 11:31 a.m. Those present were:

Shawn Legleiter, Chair
Tim Smith, Secretary
Robert Demeester, Trustee (virtual)
Koby Brown, Trustee
Jonathan Miller, Trustee

A quorum was present with five members.

Also present were Blake Myton with Sterling Capital Management, LLC, Burgess Chambers with Burgess Chambers & Associates, Attorney Stu Kaufman with Klausner, Kaufman, Jensen & Levinson, Finance Director Debra Gibson, City Clerk Lynne Fasone and city staff.

INVITE PUBLIC COMMENT

Chair White invited public comment. Hearing and seeing none.

APPROVAL OF MEETING MINUTES

Chair White called for approval of the December 1, 2022 Firefighters' Employees Board meeting minutes. **Chairman Legleiter moved to approve the meeting minutes, as written. The motion was seconded by Secretary Smith.** Hearing and seeing no comments, **the motion to adopt the December 1st meeting minutes was unanimously passed by a (5-0) voice vote.**

Chair White invited Mr. Blake Myton to report.

REPORT FROM BLAKE MYTON WITH STERLING CAPITAL MANAGEMENT, LLC

Mr. Myton reported on the poor performance of the three Plans in the first quarter/entire fiscal year. Mr. Myton reported it was the single worst year he had seen. Mr. Myton reported Sterling was sticking to its targets. Mr. Myton reviewed **Page 5, "Market Returns Index Performance for the Period Ended December 31, 2022."** Mr. Myton reviewed **Page 6, "U.S. Equity Market Style and Sector Returns."** Mr. Myton noted he thought that the **Police Officer's portfolio** was next up in the rotation and reviewed **Pages 28-33.** Mr. Myton reported Sterling would continue to monitor all of the funds, its Managers, and stay the course.

Chair White called for questions for Mr. Myton. Chair Legleiter inquired what, if any, in the allocation had changed. Mr. Myton reported Sterling felt there were at least two more 25 basis point increases in the next couple meetings. Mr. Myton further discussed a "soft landing" not happening and the Fed's keeping rates "higher for longer." Mr. Myton reported from an asset allocation perspective with respect to all three Plans, Sterling felt pretty good. Discussion regarding the Plans being in a holding pattern took place.

Chair White called for additional questions for Mr. Myton. Hearing and seeing none, Chair White thanked Mr. Myton and invited Mr. Chambers to report.

REPORT FROM BURGESS CHAMBERS WITH BURGESS CHAMBERS & ASSOCIATES, INC.

Mr. Chambers reviewed his supplemental handout distributed at today's meeting entitled **"Asset Allocation & Performance – Gross."** Mr. Burgess reported a lot had happened in one year. Mr. Chambers turned to and reviewed the **Police Officer's portfolio, Page 18.** Mr. Chambers reviewed **Pages 1-3 of the Investment Performance Report entitled "The Bust of Stocks and Bonds in 2022."** Mr. Chambers discussed inflation and the bond portfolio. Mr. Chambers reported the bond portfolio could see a 12% return. Mr. Chambers reviewed **Page 5 entitled "Investment Summary."** Mr. Chambers reviewed **Page 24 entitled "Fiscal Year Rates of Return."** Mr. Chambers discussed the 2008 housing market, bank collapse, and the general decline in 2008. Mr. Chambers reviewed **Page 12 entitled "Police Officers' Asset Allocation & Performance – Gross."**

Chair White called for questions for Mr. Chambers. Hearing and seeing none, Chair White thanked Mr. Chambers and invited Attorney Kaufman to report.

REPORT FROM ATTORNEY STU KAUFMAN WITH KLAUSNER, KAUFMAN, JENSEN & LEVINSON

Mr. Kaufman introduced his partner Sean Sendra who would walk the Board through his memo entitled **"SECURE 2.0 Act."** Mr. Sendra first reviewed House Bill 3 and the Board's fiduciary duty. Mr. Sendra reviewed the main highlights of the SECURE 2.0 Act (**attached**) with respect to (1) Public Safety Officers, (2) required minimum distributions and (3) defined benefit retirement plans. Mr. Sendra reported the tax-related retirement legislation may require an amendment to the City's Plan. Attorney Kaufman concurred and added that his office would work on that, as well as a rollover notice, and report back to the Board. Mr. Kaufman reported the Act was ultimately favorable for the Board. Discussion regarding the Act dealing with federal taxes took place. Attorney Kaufman recommended that the memo be distributed to all City employees.

Chair White called for questions for Mr. Kaufman and/or Mr. Sendra. Hearing and seeing none, Chair White thanked Mr. Kaufman and Mr. Sendra.

QUARTERLY REPORT UPDATE BY DEBRA GIBSON, FINANCE DIRECTOR

Chair White invited Finance Director Debra Gibson to the podium. Director Gibson reviewed the **Pension Quarterly Report 10/1/2022 –1/31/2023.** Director Gibson reviewed the current **DROP Participants Report.**

Chair White called for questions for Director Gibson. Hearing and seeing none. Chair White thanked Director Gibson.

OLD BUSINESS

- **Firefighters' Plan – Discussion Regarding "20 and Out" Retirement Provision.** Discussion took place regarding the Impact Study for the Firefighters' 20 and out option. Mr. Oswald with AON reported on the two options: (1) 14-1/2% employee contribution; or (2) 10-1/2% taking into consideration the Firefighters' still receive the employee contribution credit. Mr. Oswald added firefighter employees would have a one-time option to select the 20 and Out Plan.

Chair Legleiter inquired what if an employee had 10-15 years of service already in with the City. Mr. Oswald explained going forward that employee would pay that new higher contribution rate. Discussion took place regarding existing firefighter employees needing to be proactive to opt-in took place. Discussion regarding how this might influence the City's Plan overall was discussed. Chair Legleiter asked Chief Talamantez to generally discuss how the PD's 20 and Out Plan effected the PD's Plan. Chief Talamantez reported the Police

Department did not have as many as Officers opt-in as originally thought. Tax consequences were discussed. Chair Legleiter thanked Mr. Oswald.

Attorney Kaufman reported if the Firefighters' Board wished to move forward, he would need to draft an Ordinance for Council's consideration. Chair White called for a motion from the Firefighters' Board. **Chair Legleiter moved to accept AON's report and move forward with a 20 and Out Retirement Provision for the Firefighters. Trustee Miller seconded the motion. All were in favor of the motion by a voice vote (5-0).** Attorney Kaufman noted he would draft the Ordinance.

NEW BUSINESS

Chair White called for new business. Secretary Smith introduced Firefighter Koby Brown who filled Jacob Gorman's vacant seat on the Board.

The Board further discussed the General Employees' Plan regarding changing the early retirement reduction factor. Chair White introduced Joey St. Germain, City Council's general employee appointment, to the Board.

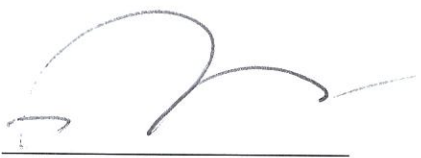
Chair White called for an update on any training classes planned for this quarter, expenses approved in advance and/or classes taken last quarter for the record. **Chair Legleiter moved to approve training expenditures for the Firefighters' Board in advance of classes taken. Secretary Smith seconded the motion. All were in favor of the motion by a (5-0) voice vote.**

The Board discussed, in general, buying out military employment at the onset for Police and Fire participants. Chief Talamantez recommended an Ordinance to be drafted regarding the same. **Chair Legleiter concurred and moved for the same for the Firefighters. Secretary Smith seconded the motion. All were in favor of the motion by a (5-0) voice vote.**

Secretary Smith and Attorney Kauffman generally discussed line of duty benefits relative to a 96 off schedule.

Chair White called for further comments. Hearing and seeing nothing further, the December 1st meeting was **adjourned by unanimous consent at 12:45 p.m.**

READ AND APPROVED this 1st day of June, 2023.



Tim Smith, Secretary



Shawn Legleiter, Chair