



City of
Panama City Beach

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General Employees' 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:

Holly White, Chair
Pat Quezada, Secretary

Joey St. Germain, Trustee
Mark Shaeffer, Trustee
Kathy Younce, 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 General Employees' Board meeting minutes. **Trustee Younce moved to approve the meeting minutes, as written. The motion was seconded by Trustee Shaeffer.** 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. 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 prospective 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 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. Chambers 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 City's Plan may need to be amended because of the tax-related retirement legislation. 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. Attorney Kaufman to draft an Ordinance for the Firefighters' for Council's consideration.

NEW BUSINESS

Chair White called for new business. Firefighter Secretary Smith introduced Firefighter Koby Brown who filled Jacob Gorman's vacant seat on the Board. Chair White introduced Ms. Joey St. Germain, City Council's general employee appointment, to the Board.

- **General Employees' Plan – Discussion Regarding Changing the Early Retirement Reduction Factor.** Chair White invited Mr. Oswald to discuss the General Employees' early retirement reduction factor. Mr. Oswald explained the reduction factor was either 1/15th or 1/30th per year, depending upon years of service. Mr. Oswald noted that historically there had been very few employees taking the early retirement election. Mr. Oswald noted that because of that, there would not be a big effect on the valuation. Mr. Oswald

reported the overall cost to the City would not be a very large percentage at all. Chair White provided background as to why this provision was being reviewed. Chair White also reported that the General Employees' Plan does not have a 20 and out provision. Attorney Kaufman recommended a motion from the General Employees would be in order if they wanted to move forward. Chair White concurred.

General Employee Trustee Younce moved to leave the reduction factor at 1/30th for 20 years. Secretary Quezada seconded the motion. All were in favor of the motion by a (5-0) voice vote.


Attorney Kaufman to draft an Ordinance for Council's consideration.

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. **Trustee St. Germain moved to approve training expenditures for the General Employees' Board in advance of classes taken. Trustee Younce seconded the motion. All were in favor of the motion by a (5-0) voice vote.**

Discussion regarding buying out of military employment at the onset, at current rates, for the Police and Fire participants, similar to the General Employees' Plan, took place. Attorney Kaufman to draft an Ordinance for the Police and Fire participants regarding the same. Line of duty benefits relative to a 96 off schedule was generally discussed.

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 1 day of June, 2023.



Holly White, Chair



Pat Quezada, Secretary