800 Dunlop Road
Sanibel, FL 33957

City of Sanibel

Meeting Minutes - Draft

General Employees Pension Plan Board of Trustees

Wednesday, May 13, 2026 | **10:00 AM** | **MacKenzie Hall - 800 Dunlop Road**

1. Call to Order

Secretary Juzkiw called the meeting to order in Chair Fellows absense at 10:04 A.M.

2. Pledge of Allegiance

Secretary Juzkiw led the Pledge of Allegiance.

3. Roll Call

Present: 4 - Board Member Brad Gloer, Board Member John Juzkiw, Board Member Jeffery Lemma, and Board Member Jason Maughan

Absent: 1 - Board Member Bill Fellows

a. Motion to excuse absent Trustees

Secretary Juzkiw moved, seconded by Board Member Lemma to excuse absent Chair Fellows. The motion carried.

Excused: 1 - Board Member Bill Fellows

4. Approval of Minutes

a. February 11, 2026

Board member Maughan moved, seconded by Secretary Juzkiw to adopt the February 11, 2026 meeting minutes. The motion carried.

Excused: 1 - Board Member Bill Fellows

5. Consultant's Reports

a. Presentation by Burgess Chambers & Associates, Inc. (Burgess Chambers)

Burgess Chambers introduced Michel Brennan who provided an overview of the current market conditions and the plan's investment performance for the quarter ending March 31, 2026.

Mr. Brennan noted that beginning in November of the prior year, markets began to rotate away from large-cap growth, specifically the so-called "Magnificent Seven" technology-related names, and toward large-cap value. At their peak in early November, the top ten names in the S&P 500 represented approximately 42% of the index, which subsequently declined to below 38%. This broadening of market participation was viewed as a healthier dynamic, with the bottom 400 names in the S&P 500 contributing over three-quarters of overall index performance through January of this year. By year-to-date through March 31, large-cap value was up approximately 2% while large-cap growth was down roughly 10%. However, since quarter-end, markets have reversed sharply, with all major asset categories moving into positive territory as of the end of April. Large-cap growth recovered to up approximately 1%, value was up over 10%, and emerging markets led all categories, up over 22% since quarter-end. Small- and mid-cap stocks also outperformed large-cap. Michel characterized the current market environment as a strong "risk-on" trade despite ongoing macroeconomic uncertainty.

Mr. Brennan identified the ongoing conflict involving Iran as a significant source of uncertainty, noting it has disrupted oil supply through the Strait of Hormuz. West Texas intermediate crude oil prices were reported at just over $100 per barrel, well above the normalized range of $70-$80. The April Consumer Price Index came in at 3.8%, substantially above the Federal Reserve's 2% target, and the Producer Price Index released that morning showed a 6% year-over-year gain, well above expectations. Mitchell noted that the International Energy Agency announced a release of approximately 400 million barrels from strategic reserves, but placed this in context: global daily consumption is approximately 100 million barrels, rendering the release equivalent to roughly four days of global supply. The expectation in rate markets has shifted from anticipated rate cuts to a possible quarter-percent rate hike by mid-2027.

In moving on to the Plan's performance, Mr. Brennan reported the plan finished down approximately $909,000, or 2.4%, as both U.S. equities and fixed income declined. The S&P 500 was down 4.3% for the quarter. Core real estate (American Core Realty) was up 1.1%, and cash produced approximately 1% returns, providing partial offsets. For the trailing twelve months, the plan gained approximately 10.8% net of fees. The ending market value as of March 31 was just over $37 million. As of the day prior to the meeting, the plan's total assets had risen to approximately $39 million, representing a gain of roughly 5.5% since quarter-end. Burgess Chambers followed Mr. Brennan's presentation with commentary on the macroeconomic context, drawing a historical parallel to the inflationary environment following the 1973 Yom Kippur War and the subsequent oil embargo. He noted that the current rising rate environment, while presenting short-term headwinds for the bond portfolio, is constructive for the plan's Liability-Driven Investment (LDI) strategy. As interest rates rise, the present value of the plan's long-term liabilities decreases, partially offsetting the compression in asset values the core mechanism of duration matching.

Burgess Chambers indicated that the plan's actuary would be asked to provide an updated liability structure, which would then be shared with Richmond Capital Management to allow their portfolio optimizer to realign the duration of the LDI portfolio with the duration of the plan's liabilities. This exercise is intended to be performed annually.

Burgess Chambers noted that the plan's large-cap core allocation had drifted to approximately 53% of the portfolio, above the target of 50%, while the Richmond Capital fixed income portfolio had declined to approximately 45%. He recommended trimming the Fidelity 500 index fund back to the 50% target and directing the proceeds into the bond portfolio, noting that the current 10-year Treasury yield above 4.5% represents an attractive entry point for new fixed income investment. Discussion ensued regarding whether rebalancing actions should require a formal board resolution at each meeting or whether BCA should be authorized to act between meetings when warranted. The consensus of the Board was that authorizing BCA to act between meetings with all transactions disclosed in subsequent written reports was the preferred approach, consistent with the investment policy objectives.

Board Member Maughan moved, seconded by Board Member Lemma to approve the report as presented and authorize Burgess Chambers and Associates to rebalance the portfolio when necessary. The motion carried unanimously.

Excused: 1 - Board Member Bill Fellows

b. Richmond Capital Management Quarterly Report (Informational)

The Richmond Capital Management quarterly report for the period ending March 31, 2026 was noted for informational purposes. Key metrics were addressed as part of the Burgess Chambers presentation. The plan's LDI portfolio yield to maturity was reported at approximately 5.38%, approximately 100 basis points above the current 10-year Treasury rate, with the portfolio duration aligned to the 10-year tenure. It was noted that while short-term bond performance may exhibit volatility as rates fluctuate, capturing higher yields over a 10-year horizon is expected to be a significant long-term benefit.

6. Staff Liaison Report

a. Cash flow analysis prepared by Steve C. Chaipel, Deputy City Manager/CFO

Deputy City Manager/CFO Steve Chaipel reported that as of May 8, 2026, the plan's receipts and disbursements account, the plan's primary checking account used for contributions received and expenses paid, held a balance of approximately $205,000. He noted that cash balances are actively monitored in coordination with BCA, and that the Chairman signs off on requests to raise cash from investments as needed. By design, the account is not maintained with more than a few months' worth of expenses.

Chaipel noted one significant timing item: a planned DROP separation had occurred on schedule, resulting in a lump-sum payout of $259,000 to the member's beneficiary. As a result, only one employee remains in the DROP on the general plan side, with a scheduled separation at the end of 2028 and an anticipated payment of approximately $102,000 at that time.

Board Member Goer raised the question of whether sufficient cash was on hand to meet near-term obligations. Chaipel and BCA confirmed that cash levels are closely monitored and that a documented process is in place, coordinated between Burgess Chambers' office and the CFO, to raise cash from investments ahead of any anticipated disbursements.

b. Presentation of the Fiscal Year 2025 Annual Comprehensive Financial Report

Chaipel reported that the City had completed its fiscal year 2025 annual audit, resulting in a clean, unmodified opinion, the highest level of assurance available. While some operational findings and recommendations for financial improvement were noted in the audit, none were pension-related. Both pension plans, including the General Employees Pension Plan, passed all audit testing with no issues noted by the auditors.

With respect to the plan's funded status as of September 30, 2025, Chaipel highlighted that the General Employees Pension Plan reported a surplus of assets for the second consecutive year. The plan is currently 108% funded, with the City carrying an asset, rather than a liability, of approximately $3.2 million on its balance sheet related to the general plan. He noted the magnitude of this improvement by comparison: in fiscal year 2023, the plan had carried a liability of approximately $3.9 million. In two years, that liability has been fully eliminated and converted to a meaningful surplus.

Chaipel attributed this improvement to strong market results, disciplined plan management, and the plan's closed status, which results in a continuously declining active membership. He further noted that, as a result of the actuarial report presented to the Board in February, the City has effectively no required employer contribution for fiscal year 2027. The City intends to contribute approximately $70,000 in the upcoming fiscal year to cover interest and administrative expenses associated with the plan.

7. Reports

a. Attorney

The Board's attorney reminded all Trustees of the requirement to file Form 1 (Statement of Financial Interests) by the statutory deadline of July 1, 2026. He noted that the next board meeting is not until August and cautioned that the deadline should not be overlooked. Trustees were advised that the filing is completed electronically and that prior-year information can generally be repopulated with any necessary updates. The City Clerk's office was confirmed to forward the relevant links to all board members. The attorney emphasized that failure to file carries financial penalties.

b. Chair

No formal report from the Chair. The Board discussed a proposal from staff to shift the standing start time of the quarterly General Employees Pension Board meeting from 10:00 AM to 11:00 AM, in order to better accommodate staff scheduling. After brief discussion among Board members, consensus was reached to set the new start time at 11:00 AM beginning with the next meeting. Staff indicated the change would be formally noticed in advance of the August meeting, and calendar invites were updated accordingly.

8. Public Comment

No public comment was received.

9. Next Meeting Date

a. Wednesday, August 12, 2026

Deputy City Clerk Hicks confirmed the meeting is now scheduled for 11 AM on Wednesday, August 12, 2026.

10. Adjournment

There being no further business, the meeting adjourned at 10:43 A.M.