800 Dunlop Road
Sanibel, FL 33957

City of Sanibel

Meeting Minutes - Draft

Municipal Police Officers' Retirement Trust Fund

Wednesday, May 13, 2026 | **1:00 PM** | **MacKenzie Hall - 800 Dunlop Road**

1. Call to Order

The meeting convened at 1:01 P.M.

2. Pledge of Allegiance

Chair Holsten led the Pledge of Allegiance.

3. Roll Call

Present: 5 - Board Member Donald McDonald, Chairperson Craig Holston, Board Member Christofer Chiappy, Board Member Matt Casola, and Board Member Steve Maxwell

a. Motion to excuse absent Trustees

Secretary Chiappy moved, seconded by Chair Holsten to excuse absent member Casola.The motion carried.

Excused: 1 - Board Member Matt Casola

4. Approval of Minutes

a. February 11, 2026

Board Member McDonald moved, seconded by Secretary Chiappy to adopt the February 11, 2026 meeting minutes. The motion carried.

Excused: 1 - Board Member Matt Casola

5. Consultant's Report

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

Mr. Brennan opened by noting a significant market rotation that began in November 2025, when concentration in the S&P 500's top ten holdings (the Magnificent 7, Berkshire Hathaway, Bradcom) peaked at approximately 42 percent of the total index. From that peak through January 2026, approximately three-quarters of market performance came from the bottom 400 names in the S&P 500, representing a broadening of market participation. During Q1 2026, large cap value returned +2.1 percent while large cap growth fell 9.8 percent. However, since quarter-end, growth stocks have rebounded sharply, with the Russell 1000 Growth up nearly 16 percent quarter-to-date through the prior week, outpacing large cap value by approximately 6.5 percent over the same period. Key contributors to this rebound included Alphabet (up ~25 percent year-to-date), Nvidia (~16 percent), and Amazon (~17 percent).

The consultants addressed the ongoing conflict with Iran as a primary driver of market uncertainty and rising energy prices. The International Energy Agency announced an emergency release of approximately 400 million barrels, more than double the 2022 release, but the consultants noted this equates to only four days of global consumption, or roughly 20 days of supply normally flowing through the Strait of Hormuz. April CPI came in at 3.8 percent, well above the Fed's 2 percent target, and the Producer Price Index released the morning of the meeting showed 6 percent annualized growth. Betting markets have shifted to pricing in a 0.25 percent rate hike by mid-2027, rather than the previously anticipated rate cuts.

For Q1 2026, the plan posted a modest loss of approximately $100,000, or -0.3 to -0.4 percent net of fees, compared to the S&P 500's decline of 4.3 percent. The plan's diversifying assets meaningfully buffered downside, with Cohen & Steers Global Infrastructure up nearly 10 percent, Lazard Global Infrastructure up over 7 percent, and Small Cap Value up 5.7 percent for the quarter. On a one-year basis, the plan generated $3.9 million in gains, representing a 13.6 percent gross return (13.2 percent net of fees), led by Lazard Global Infrastructure (+25 percent), convertibles (+nearly 22 percent), and Cohen & Steers Global Infrastructure (+20.5 percent). As of the day prior to the meeting, the plan's market value stood at approximately $34.6 million, up roughly $2.5 million or approximately 7 percent since the March 31 quarter-end value of $32.1 million.

The consultants noted slight underperformance in the Vanguard Mid Cap ETF relative to its Russell MidCap benchmark, attributing this largely to the Russell's inclusion of approximately 20 percent small cap names and, most significantly, to SanDisk memory—a stock that began as a small cap and appreciated over 4,000 percent in the past year, becoming the top holding in the Russell MidCap. The fund's small cap managers hold SanDisk, so the trustees were advised there is no coverage gap. For CERADEX Small Cap Value, one-year underperformance of approximately 10 percent was attributed to a "junk rally" from April 2025 lows through year-end, during which companies without earnings returned 82 percent and companies without sales returned 83 percent—far outpacing the benchmark's 42.4 percent return. Only 10.6 percent of active small cap managers beat the benchmark in that environment. The consultants noted CERADEX outperformed in Q1 2026 as the market rotated back toward quality and value.

The meeting went to recess at 1:23 and reconvend at 1:30

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The principal consultant raised the topic of proactively prefunding known near-term liabilities, given the expectation that interest rates will rise rather than fall. The plan distributes approximately $1.3 million per year ($325,000–$400,000 per quarter), and intermediate bonds—the typical source of these disbursements—would face price erosion if rates increase. He recommended setting aside approximately 12 months of cash to avoid having to sell depreciated fixed income assets. The Board discussed the current allocation, with the consultant providing updated figures relative to targets: large cap growth at 15.6 percent (target 16 percent), large cap value at 16.3 percent (target 16 percent), convertibles at 8.7 percent (target 8 percent), mid cap at 4.8 percent (target 5 percent), small cap at 5.1 percent (target 5 percent), international at 10 percent (on target), REITs at 5 percent (on target), infrastructure at 5.1 percent (target 5 percent), and fixed income underweight at 27.6 percent versus a 30 percent target. Current cash stood at approximately $620,000, or 1.8 percent. The plan's custodian money market fund was noted to yield approximately 4 percent, with a potential rise to 4.25 percent if rates increase. After deliberation, the Board agreed to raise approximately $860,000 in additional cash by liquidating the following positions at market value, bringing total available cash to well over $1.3 million when combined with existing cash balances

$250,000 from the Vanguard High Yield Corporate Fund
$250,000 from the Vanguard Intermediate Term Bond Fund
$360,000 from the Virtus CERADEX Large Cap Value Equity

Board Member McDonald moved, seconded by Board member Maxwell to liquidate $250,000 of Vanguard High Yeild Corporate Fund, $250,000 from Vanguard Intermediate Term Bond Fund, and $360,000 from Virtus. The motion carried.

Excused: 1 - Board Member Matt Casola

Board Member McDonald moved, seconded by Secretary Chiappy to appove the report as presented by Burgess Chamber and Associates. The motion carried.

Excused: 1 - Board Member Matt Casola

b. VOYA Investment Management Quarterly Report (Informational)

6. Staff Liaison Reports

a. Police Pension Plan Ordinance 25-025- Code Clarification

The Staff Liaison summarized the resolution of a previously discussed ambiguity in the City's code regarding an optional supplemental 3 percent contribution benefit available to police officers beyond the mandatory 5 percent contribution. Following Board discussion at a prior meeting, the matter was brought to City Council, which approved Ordinance 25-025 to clarify that the supplemental benefit is optional and must be elected upon hire. Existing officers were given the opportunity to opt in or opt out, resulting in an approximately 50/50 split, with the dividing line largely falling around age 40-45. Officers who opted out received refunds of their additional 3 percent contributions retroactive to their date of hire. Foster and Foster prepared an actuarial impact statement concluding the change was effectively a wash with no material financial impact to the plan. The Board's acceptance is required to file the necessary paperwork with the State of Florida.

Secetary Chiappy moved, seconded by Board Member McDonald to accept the actuarial impact statement and authorize the filing of required state paperwork related to Ordinance 25-025. The motion carried.

Excused: 1 - Board Member Matt Casola

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

The Staff Liaison reported that the City's audit firm, Clifton Larson Allen, completed the fiscal year 2025 audit with a completely clean opinion on both pension plans—no issues were identified with respect to contributions, distributions, or other tested plan components. The pension financials are included within the City's Annual Comprehensive Financial Report (ACFR).

The Staff Liaison noted this was the 40th consecutive year the City received a Certificate of Excellence for financial reporting. No Board action was required on this item. The Staff Liaison also noted that the police pension plan's unfunded liability declined by approximately $1 million from fiscal year 2024 to 2025, and the City's reported net pension liability decreased from $4.4 million in FY2024 to $1.6 million in FY2025. The plan is currently approximately 89 percent funded, up from 78 percent a decade ago and 63 percent in 2012, consistent with the City's unofficial budget policy of always funding at or above the actuarially determined minimum required contribution.

7. New Business

a. Discussion and Direction on Plan Attorney Services

Mr. Chaipel informed the Board that the two primary attorneys who had served as the plan's front-facing counsel at Sugarman Suskind departed that firm effective February 28, 2026, and joined Jones Walker. As a result, the Board was asked to choose among three options: (1) remain with Sugarman Suskind under new primary contact David Robinson, who was present at the meeting; (2) follow the departing attorneys to Jones Walker; or (3) consolidate with Lorien Law, the firm currently serving the General Pension Board, as a measure of administrative efficiency.

Mr. Chaipel stated that Option 3 was his recommendation, noting that during his tenure the City had successfully consolidated the custodian, TPA, actuary, and investment advisor across both pension plans. He emphasized this recommendation was not a reflection on Sugarman Suskind's performance, but rather a desire for streamlined administration in a small city department. He noted that Lorien Law does have experience with Chapter 185 plans.

David Robinson, a partner at Sugarman Suskind with 32 years at the firm, addressed the Board. He emphasized the firm's longstanding relationship with the plan (approximately 13 years), the depth of its attorney bench, and its institutional knowledge of Chapter 185 police pension law—which has no application to general plans. He offered a 25 percent fee reduction (from $2,000/month to approximately $1,500/month) for a two-year period, and noted his personal preference and commitment to attend meetings in person. He expressed confidence that continuity of legal service quality could be maintained despite the personnel change. Board members engaged in discussion regarding the distinction between Chapter 185 and Chapter 175 statutory requirements, the difference in annual retainer costs ($24,000/year for the police plan versus $12,000/year for the general plan), and the practical value of having one attorney serve both pension boards on the same meeting day. The Chair noted that the Staff Liaison is the primary day-to-day contact with counsel and expressed deference to his recommendation. Following discussion, the Board moved to transition legal representation effective the following day, with the formal engagement agreement to be presented at the August 2026 meeting.

Board Member Maxwell moved, seconded by Board Member McDonald to transition plan attorney services to Lorien Law, effective May 14, 2026, with Sugarman Suskind's representation concluding as of the date of this meeting, and a formal agreement to be presented at the August 12, 2026 meeting. The motion carried.

Excused: 1 - Board Member Matt Casola

8. Reports

a. Attorney

The plan attorney reported that the most recent Florida legislative session closed without any legislation affecting the plan. Trustees were reminded to file their Form 1 Financial Disclosure with the State before the July 1, 2026 deadline. The City Clerk's office noted that login credentials and instructions would be distributed via email, and that the process is now conducted through an online dashboard. Newly seated Trustee Maxwell was noted to be in good standing given his recent appointment.

b. Chair

The Board offered remarks commending Burgess Chambers & Associates for their prudent, diversified approach to the plan's investment strategy. The Chair also recognized Committee Member Chiappy, who was recently recognized as the City's Police Officer of the Year, and the Board offered its congratulations.

9. Public Comment

None at this time.

10. Next Meeting Date

a. Wednesday, August 12, 2026

11. Adjournment

There being no further business, the meeting adjourned at 2:10 P.M.