MINUTES OF THE CITY OF GALVESTON EMPLOYEES' RETIREMENT FUND
BOARD OF TRUSTEES OF GALVESTON, TEXAS

Meeting Date
May 13, 2025

The following members were present:
Robert Simmons
Csilla Ludanyi
Don Davison
Rodney Low
Trina Jankowski
Roland Bassett, Jr.

The following members were absent:
Lewis Rosen

Also attending was Ron Kern and Katie Hendrick (Graystone Consulting), Rebecca Morris, Mark Fenlaw and Brandon Fuller (Rudd and Wisdom), Patrick Simons and Laura Lynch (Whitley Penn) and Dan Buckley

It was determined that a quorum was present, and the meeting was called to order at 1:00.

Motion to approve minutes of February 4, 2025 was made by Csilla Ludanyi; second by Rodney Low; Motion passed unanimously.

Ron Kern and Katie Hendrick with the Quantitative Group, presented the Performance Evaluation. The following illustrates the returns and balances for the quarter:

	Market Value	Actual Return	Benchmark	
ishares S&P 500ETF	24,450,000	-4.26%	Standard & Poors 500	-4.07%
Vanguard Mid Cap ETF	13,857,000	-1.58%	Russell Midcap	-3.40%
ishares S&P Small Cap	6,599,000	-8.97%	S&P Small Cap 600	-8.93%
ishares MSCI EAFE ETF	4,895,000	7.64%	MSCI EAFE Index	5.23%
ishares MSCI Emerging Mkts	1,194,000	3.35%	MSCI EM Net	2.93%
American Funds New World	1,091,000	1.67%	MSCI EM Net	2.93%
baird aggregate bond fund	5,605,000	2.84%	Bloomberg Inter Govt	2.78%
Nuveen Core Bond Fund	5,556,000	2.66%	Bloomberg Inter Govt	2.78%
PIMCO Income Fund	5,176,000	3.34%	Bloomberg Inter Govt	2.78%
Bluerock Total Income	439,000	0.60%	NCREIF Property Index	1.27%
Cion Ares Diversified Credit	2,430,000	1.06%	Morningstar LSTA	0.48%
FS Credit REIT	2,479,000	1.64%	Morningstar LSTA	0.48%
Pomona Investment	2,417,000	0.00%	S&P Global Listed Pri Eq	0.00%
Cash	1,201,751			
	77,389,751			

Ron discussed the performance report. He referred to page 10 of the report which discloses all fees and pointed out that total fees are approximately .39% and fees have been very carefully controlled. The Fund performance was down 1.33% for the quarter and up 5.74% for the 12 months ended March 31, 2025.

The fund was rewarded for staying invested during the tough times at the beginning of the year and is well diversified by asset class. The Plan is now returning some of the previous large gains.

Total rate of return since inception has been 7.01%; total over 10 years has been 6.62%.

Ron Kern made the recommendation to reinvest 100% of dividends of all holdings. Motion to approve made by Don Davison and second by Csilla Ludanyi. Motion passed unanimously.

The Investment Policy Statement (IPS) was reviewed and the new policy was approved with small changes in the min and max allowable allocation percentages. Motion to accept the new IPS made by Csilla Ludanyi; second by Roland Bassett. Motion passed unanimously.

Ron Kern noted that due to the increase in cash, it is necessary to move cash to S&P ishares fund and Vanguard Mid Cap index funds. When Pomona is finished liquidating, proceeds will be invested in Ares Diversified, FS Credit REIT and AMG Pantheon. Motion to accept was made by Don; second by Robbie. Motion passed unanimously.

Presentation of the audit was made by Patrick Simmons and Laura Lynch of Whitley Penn. The audit was a "clean" unqualified opinion. The management letter had a finding regarding an internal account used by Morgan Stanley that was inadvertently included in the client portfolio statement sent to the Fund, causing the accounting of the fund to be overstated. The error was corrected in the fund financials and in the audit.

The Actuarial Valuation as of December 31, 2024 was presented by Mark Fenlaw, Rebecca Morris and Brandon Fuller. Highlights of the report:

- 7.25% annual investment rate of return used and considered to still be a reasonable assumption
- Assumed administrative expenses as a percent of payroll lowered from .50% to .45%
- Assumes continued use of assumed annual inflation rate of 2.75%
- Because of change in multiplier from 2.65% to 2.8%, expected retirement age changed from 62.8 to 61.7
- Assumes 2.75% annual payroll increase
- Raise on annual dollar cap on benefits raised from $60,000 to $75,000
- Amortization period of 13.2 years
- Continuation of City contribution rate of 13.35% together with employee contribution rate of 6% is adequate to pay the normal cost of 11.38% and to amortize the UAAL in 13.2 years
- Funded ratio is 73.33%

Discussion ensued about possible future changes enabling allowing employees who have reached the cap to have the ability to make their employee contributions contributed to a different plan, while having the City continue the City's contributions to the City Plan. As requested, the option was studied by Rudd and Wisdom and by legal counsel, and was not considered feasible. No action was taken.

The board requested Rudd and Wisdom to provide further information regarding (1) a change in the definition of actuarial equivalence for the plan document based on an appropriate interest assumption and an up-to-date mortality assumption and (2) a potential amendment for the plan document of two optional joint life forms, 100% and 75%, of the retirement benefit that will be actuarially equivalent to the standard joint and 50% to the spouse form of payment. This will be discussed and hae possible action at next meeting.

Compiled financial statements for the quarter showed a decrease in changes in net assets of $677,001 for year to date. The compilation report was discussed, including specifically the categories of investment income, benefits paid, administrative fees and the comparison to the same period in the prior year.

With no further business or requests, the meeting was adjourned at 3:30.

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Ann Masel, Plan Administrator

Term expiration dates:
Robert Simmons-11/26
Trina Janlowski-11/26
Rodney Low-11/26
Don Davison-Board designee 8/26
Roland Bassett-8/26
Lewis Rosen-Board designee 2/4/20
Csilla Ludanyi-City Finance appt.