

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
JUNE 15, 2017

A quarterly meeting of the Board of Trustees was called to order on June 15, 2017 at 9:30 A.M in the 2nd Floor Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

John Schramm
Carlos Diaz
Frank Amandro - Absent
Carlos Villanueva
Daniel Flaherty – Absent

OTHERS PRESENT

Bonni Jensen, Klausner Kaufman Jensen & Levinson
Scott Baur and Kyle Tintle, Pension Resource Center
Burgess Chambers, Burgess Chambers & Associates
Christine Paz, City of Fort Pierce
Sgt. Rodney Nieves, City of Fort Pierce

PUBLIC COMMENTS

No Public Comment.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held on March 16, 2017.

Carlos Diaz made a motion to approve the minutes of the meeting held on March 16, 2017. Carlos Villanueva seconded the motion, approved by the Trustees 3-0.

INVESTMENT CONSULTANT REPORT

Mr. Chambers appeared before the Board to provide a report on the investment performance of the portfolio for the quarter ending March 31, 2017. He reviewed the growth of the plan's assets for the trailing 5 years. He reviewed the holdings, which included various passive and actively managed components. The plan's total assets allocation is \$12,632,011 as of March 31, 2017. Mr. Chambers summarized the cash flows. The market portfolio gained 4% gross (3.8% net) compared to 3.7% for the benchmark. For the trailing 12 months the portfolio gained 10.8% gross (10.2% net). Mr. Chambers reviewed the performance for the asset classes held in the portfolio. The assets gained 4.39% for the fiscal year to date. He reported a flatting yield curve, suggesting a less optimistic long term market outlook. The report does not reflect the plan's assets held in the City's checking account. Ms. Paz addressed the differences on the interim financial statement. Members contribute 7% of payroll, in addition to the Chapter 185 premium tax receipts. Mr. Baur described the maintenance of the money market account tied to DROP assets for the members choosing the money market alternative to the market return on their DROP accounts. The Board considered the Plan's cash allocation; including the City checking account and money in the designated DROP money market account. The Board discussed how to keep the greatest level of transparency and consistency. Going forward Mr. Chambers will include the money market DROP assets in his report of investment assets.

FINANCIAL REPORT

Ms. Paz reviewed the interim financial statement as of March 31, 2017. The plan had assets of \$13,126,462.70 as of the end of the second quarter inclusive of the City checking account and the DROP money market. She reviewed the various expenses and benefit payments for the plan. The Board received and filed the report.

Mr. Schramm addressed the three members where the City did not withhold contributions for recently hired employees. The members in question were hired in 2015. Ms. Jensen advised that the plan must collect the contributions for the three members and the funds should be collected over an extended period of time. The oversight was noticed when the fiscal year end reports were being compiled. Mr. Villanueva asked if it would be possible to adjusting their entry date.

BENEFIT REPORT

No benefit approvals.

ATTORNEY REPORT

Ms. Jensen reviewed follow-up memos to addressing fraud prevention and the best way to protect the plan. The recommendations include a proper separation of duties and timely reconciliation of accounts. Ms. Jensen also provided a memo on cyber liability insurance. The policies cover various types of cyber claims and defense costs. Coverage includes broad services and even ransom ware. If Plan records are breached, the insurance assists with proper notification to affected members. The City has a cyber liability committee that meets quarterly. Mr. Chambers asked would the City's coverage be enough for the Board or should they have their own policy. Ms. Jensen recommended the Board consider stand-alone coverage as well.

ADMINISTRATIVE REPORT

Mr. Baur described the construction and purpose of the budget and administrative expense report.

Carlos Villanueva made a motion to approve the FY2016 administrative expense report and the FY 2018 budget. Carlos Diaz seconded the motion, approved by the Trustees 3-0.

There was additional discussion on DROP accounts. Mr. Baur described and explained the timing of the member DROP statements.

Mr. Chambers recommends the plan can expect to get a return of 7.25% for the next several years and the long term thereafter. He believes that 7.25% is a reasonable assumption. Mr. Schramm would like to keep building the reserve, which has been depleted in recent years. The Board considered the reserve, impact of assumption changes, negative payroll growth and other experience on the reserve. Mr. Chamber will draft the plan's assumption rate letter to the state.

There being no further business and the next meeting being scheduled for September 21, 2017, the meeting adjourned at 11:13 A.M.

Respectfully submitted,

A handwritten signature in dark ink, appearing to be "J. Baur", written over a horizontal line.