

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND  
MINUTES OF MEETING HELD  
SEPTEMBER 21, 2017**

A quarterly meeting of the Board of Trustees was called to order by John Schramm on September 21, 2017 at 9:40 a.m. in the 2<sup>nd</sup> Floor Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

**TRUSTEES PRESENT**

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

**OTHERS PRESENT**

Bonni Jensen, Klausner Kaufman Jensen & Levinson  
Scott Baur and Kyle Tintle, Pension Resource Center  
Burgess Chambers, Burgess Chambers & Associates  
Karen Louge, City of Fort Pierce  
Brian Avilla - Ft Pierce Police

**PUBLIC COMMENTS**

No Public Comment.

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes of the meeting held on June 15, 2017.

Frank Amandro made a motion to approve the minutes of the meeting held on June 15, 2017. Daniel Flaherty seconded the motion, approved by the Trustees 4-0.

**INVESTMENT CONSULTANT REPORT**

Mr. Chamber provided the expected rate of return letter to attendees and stated that he had sent the letter to the Division of Retirement. He read the letter listing the Expected Rate of Return to be 7.25% next year, the next several years, and over the long run. Discussion ensued on incorporating the DROP Balance in the overall investment performance report by fiscal year end. Ms. Jensen advised that the DROP balances be incorporated in the report because they are part of the Plan's assets. Ms. Logue commented that the Trial Balance prepared by the City does include the DROP balances; the investment report then will now include the DROP and Money Market assets, but not the City cash. Ms. Jensen suggested a footnote on the Quarterly Report indicating the Investment Report does not include certain cash balances the City uses to pay expenses for the Plan.

Mr. Chambers presented the Investment Report and a market overview. He reported that 50% of public companies have now gone private. The Plan's assets earned 2.5% gross (2.4% net) for the quarter compared to the 2.1% benchmark for the quarter ending June 30, 2017. The Plan finished the quarter with invested assets of \$12,818,140. Mr. Chambers indicated that merging markets

and foreign markets had the greatest returns last quarter. The Plan's assets in the Global Funds returns were 7%, the same as the benchmark. Mr. Chambers examined the various sectors; growth continues to remain strong, small cap issues were up 24% in the last year, this quarter stocks were up and bonds were flat. The Board considered the current societal issues, particularly the issue of controlled substances and its effect on the economy. The Plan's 4 year average was 7.2% nearly equal to the actuarial assumption rate. Ms. Logue will confirm the receipt of the 185 Premium Tax Receipt funds. She explained that expenses are paid by the City on behalf of the pension fund, while SunTrust pays the benefits. Ms. Logue asked if the Board should provide direction to the City to transfer the funds to SunTrust. Mr. Chambers suggested that The Resource Centers allocate \$208,000 from Vanguard midcap to CSM fixed.

**Frank Amandro made a motion to take \$208,000 from Vanguard Midcap and put it into CSM fixed income. Daniel Flaherty seconded the motion, approved by the Trustees 4-0.**

The Fort Pierce Finance Director, Johnna Morris, briefly joined the meeting.

Mr. Chambers discussed an Investment Policy review and performance relative to the strategic model. Given the nature of the strategic model the Plan will typically never finish in the top 40% of the peer manager universe, this Plan has a different mandate. Ms. Jensen suggested a review of the Investment Policy Statement (IPS). The last time it was reviewed was two years ago. Add the review of the IPS to the next quarterly meeting's agenda. Any further discussion of the language in the IPS and the appropriateness of peer ranking are being tabled until the next meeting.

### **FINANCIAL REPORT**

Ms. Louge attended the meeting on behalf of Ms. Paz. She said that Ms. Paz will have the Financial Report available for the next meeting.

### **BENEFIT REPORT**

No benefit approvals.

### **ATTORNEY REPORT**

Ms. Jensen updated the Board on the three members that were not originally enrolled and contributing to the Pension Plan. She sent a letter to the City requesting that the City pay the money owed by the 3 employees. This issue happened previously, but just did not come to the attention of the Board. Ms. Jensen said there should be cross checks of pension funds being withdrawn properly from members pay. Mr. Amandro will address it with Human Resources and Finance on behalf of the Pension Fund. The 3 officers owe approximately \$1,800 to \$1,900 in contributions. The Board considered the time frame for deductions from the member's check. Mr. Amandro informed the Board that the entire City has gone through a new hire or reorganization training. Mr. Schramm will address the issue with payroll. Ms. Jensen advised that the IRS states this should be resolved within at least 5 years. Mr. Amandro felt payback over a 2 year period is reasonable. Ms. Jensen noted that the State 185 money was up \$27,000 for this year. She reported that nothing from the legislature directly impacted the Plan. Ms. Jensen explained the legislation passed a bill that records request require a 5 day written notice before attorney fees can be awarded. Mr. Baur stated that a notice is being added to our website with Stock Language on how to obtain public records. FRS has changed the default, for all new employees who do not make a benefit selection within the allotted time frame will be placed in

the defined contribution plan as of January 1, 2018. Totally disabled first responders will receive a 100% property tax exemption. The employers were asked to certify the status of the members and verify that they were totally and permanently disabled. The Pension Board can provide documentation that the employee can attach to the application. First responders deemed disabled by Pension Board must also be deemed disabled by Social Security. The application had an August 1<sup>st</sup> deadline while March 1<sup>st</sup> is the next deadline for next year. Public records exemption for retired Firefighters, they are now provided the same confidentiality protection as Police. An amendment was proposed to increase the ad valorem homestead deduction from \$50,000 to \$75,000. If approved it will exempt property values from \$100,000 to \$125,000 property owners would get an additional \$25,000 deduction. If passed by a 60% vote the new homestead deduction would be effective January 1, 2019.

#### **ADMINISTRATIVE REPORT**

Mr. Baur discussed the DROP reports for the current members who selected investment earning versus the members who elected to receive the earnings from a money market.

The Board held a discussion regarding the electronic meeting packet. Mr. Baur will set up a secure file exchange for Trustees to access reports and documents for review.

#### **OTHER BUSINESS**

There being no further business and the next meeting being scheduled for December 21, 2017, the meeting adjourned at 11:00 A.M.

Respectfully submitted,

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