

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND**  
**MINUTES OF MEETING HELD**  
**MARCH 15, 2018**

A quarterly meeting of the Board of Trustees was called to order by John Schramm on March 15, 2018 at 9:33 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

**OTHERS PRESENT**

Bonni Jensen, Klausner Kaufman Jensen & Levinson  
Pete Strong, Gabriel Roeder Smith & Company  
Scott Baur and Kyle Tintle, Resource Centers  
Burgess Chambers, Burgess Chambers & Associates

Ms. Jensen informed the Board that Ms. Paz delivered the financial statement and disbursement report.

**PUBLIC COMMENTS**

No Public Comment.

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes of the meeting held on December 21, 2017.

Frank Amandro made a motion to approve the minutes of the meeting held on December 21, 2017. Carlos Diaz seconded the motion, approved by the Trustees 4-0.

**ACTUARY'S REPORT & PRESENTATION OF 2017 ACTUARIAL VALUATION**

Mr. Peter Strong, of Gabriel, Roeder, Smith & Co., appeared before the Board to present the 2017 Actuarial Valuation. The Chapter 185 Premium tax receipts received for fiscal year end September 30, 2017 was \$329,933 versus the previous fiscal year amount of \$302,837.

The City's total contribution requirements increased slightly on October 1, 2017 to 9.80% versus 9.68% of payroll from the previous year. The balance of the excess contribution reserve increased to \$375,688 compared to \$211,676 in 2016. The excess of \$143,465 was added to the excess contribution reserve. The Plan had a net experience loss of \$456,238 resulting from losses from investment return experience and higher than expected salary increases. The net experience loss increased the required contribution by 0.46% of covered payroll. The 2017 funded ratio of 91.8% dropped from 93.9% the previous year. If the Plan used market value as the basis for the valuation the funded ratio would have been 9.85% and the funded ratio would have been 91.5%.

Mr. Burgess Chambers joined the meeting at 9:43 AM.

Mr. Strong gave a 25 year history of how the funding ratio was calculated. He discussed lowering the investment return assumption to 7.00% because 7.25% is too high. Mr. Strong explained the smoothing of investment gains and losses taken over a four year period. There is

one more year to phase in the 2015 losses. The actual return on market value for the past five years has been just under 7% at 6.7%. Discussion ensued about defined benefit plans, supplemental defined benefit plans, and share plans. Mr. Chambers stated that Ft. Pierce Police retirement plan is very unique. A reduction of 0.25% in the investment return would increase employee contributions approximately 1% of payroll, less than the expected excess reserve in the Chapter 185 premium tax receipts.

**Frank Amandro made a motion to approve the Actuarial Valuation as of October 1, 2017. John Schramm seconded the motion, approved by the Trustees 4-0.**

The Board considered the investment assumptions and the impact of the various assumption rates. Ms. Jensen advised the Board to give direction on how to proceed with the assumption based on advice of consultants.

**Carlos Diaz made a motion that based on the advice of the investment consultant the Board expects to get a 7.25% return for the next year, the next several years, and for the long term thereafter. Carlos Villanueva seconded the motion, approved by the Trustees 4-0.**

The Board held discussion on adjusting the investment return assumption rate. A decision to change the investment return assumption was tabled for now. Along with next year's valuation Mr. Strong will bring a second report demonstrating the impact if the return assumption was lowered by 0.25%.

#### **INVESTMENT CONSULTANT REPORT**

Mr. Chambers discussed the effect that the fixed income securities had on returns with the low interest rate yields. The bond yields are very sensitive to the rate of inflation. An aging population that consumes less, travels less, combined with a decrease in population growth is not a good environment for economic growth. Mr. Chamber explained that losing jobs to China, the trade deficit, and the interest on the national debt make it improbable that the interest rate would increase.

Mr. Chambers presented the December 31, 2017 Quarterly Investment Report and a market overview. The fund earned \$352K or +2.8% (+2.6% net) in line with the strategic model (+2.6%) The top three categories were large-cap core (+6.8%), mid-cap (+5.7%), and international (+4.4%).

The market value at the end of the quarter was \$13,381,382 versus the beginning value of \$13,161,673; for the calendar year the assets gained 12.2% compare to the bench at 11.6%.

Mr. Chambers reviewed the addition of Cohen & Steers which emphasizes income from securities based on infrastructure. Ms. Jensen noted that C. S. McKee fixed income was underweighted by -5.3%. Mr. Chambers did not recommend rebalancing at this time due to the lower expectations for fixed income in the future.

#### **FINANCIAL REPORT**

The Board reviewed the interim financial statement. It showed that a considerable amount of cash being held for the Plan at the City. The Board considered the cash flow and moving the money so it can be invested. Ms. Jensen stated that a letter needs to be written to the City with the instruction that the cash balance should never be over \$300,000. Mr. Chambers said the

Resource Centers should work with the Finance Department to move the \$700,000 to the manager's sweep account at SunTrust so it could be invested. Mr. Chambers will provide rebalancing direction.

**Frank Amandro made a motion for the Resource Centers to work with the Finance Department to sweep the excess cash on a quarterly basis to the Plan to be invested. Carlos Villanueva seconded the motion, approved by the Trustees 4-0.**

#### **BENEFIT REPORT**

The benefit approvals were presented for DROP distributions for David Jones and Daniel Flaherty.

**Frank Amandro made a motion to approve the DROP distributions for David Jones and Daniel Flaherty. Carlos Villanueva seconded the motion, approved by the Trustees 4-0.**

**Frank Amandro made a motion to approve Daniel Flaherty as the 5<sup>th</sup> Trustee. Carlos Diaz seconded the motion, approved by the Trustees 4-0.**

#### **ATTORNEY REPORT**

Ms. Jensen reported that the Internal Revenue Service updated the mileage rate from 53.5 to 54.5 cents per mile. She informed the Board that SB980 which deals with actuarial assumptions failed to pass in the current legislative session. There was a lengthy discussion of SB 376 that deals with post-traumatic stress disorder (PTSD) in respect to workers compensation. Ms. Jensen provided a memo that summarizes the adopted bill and lists the eligibility requirements. The Florida Retirement System disseminated a memo stating they would not recognize workers' compensation.

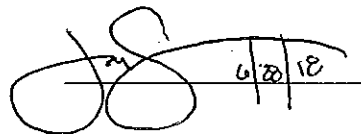
#### **ADMINISTRATIVE REPORT**

Ms. Tintle presented the 2018 conference list representing regional and national conferences. The additional signatures needed for the SunTrust account were obtained from the Trustees. The GASB 67 and GASB 68 reports were also presented.

#### **OTHER BUSINESS**

There being no further business and the next meeting being scheduled for June 28, 2018, the meeting adjourned at 11:22 A.M.

Respectfully submitted,

A handwritten signature, possibly "J. S.", is written over a horizontal line. To the right of the signature, the date "6/28/18" is handwritten.