

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
DECEMBER 20, 2018**

A quarterly meeting of the Board of Trustees was called to order by John Schramm on December 20, 2018 at 9:36 a.m. in the 1st Floor Engineering Conference Room located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

John Schramm
Daniel Flaherty
Carlos Diaz
Carlos Villanueva
Frank Amandro

OTHERS PRESENT

Bonni Jensen, Klausner Kaufman Jensen & Levinson
Kyle Tintle & Scott Baur, Resource Centers
Burgess Chambers, Burgess Chambers & Associates
Christine Paz, City of Ft. Pierce

Chairman Schramm introduced himself and requested the attendees go around the room and state their names. The Trustees, service providers, and the City employee in attendance stated their names.

PUBLIC COMMENTS

No Public Comment.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held on September 20, 2018.

Dan Flaherty made a motion to approve the minutes of the meeting held on June 28, 2018. Carlos Diaz seconded the motion, approved by the Trustees 4-0.

INVESTMENT CONSULTANT REPORT

Mr. Chambers began his report with some good news and some bad news. The good news is he has a list of Fidelity Investments Index Funds that mirrored the Vanguard Funds held by the Plan with lower fees. Realizing investors were migrating from active to passive management; Fidelity Investments lowered their fees to attract investors to their index funds. Mr. Chambers recommended the Board move to the Fidelity Index Funds. He stated the tracking error should be less to a lower expense ratio. Ms. Jensen asked about the potential impact on the Plan. Mr. Chambers stated that the custodian could complete the sale and purchase simultaneously without waiting on the trades to settle.

Frank Amandro made a motion to direct Burgess Chambers & Associates (BCA) to sell iShares Core S&P 500 (ETF), Vanguard Mid Cap Index Adm (MF), and Vanguard Real Estate Index Adm (MF) to the corresponding Fidelity Funds, subject to simultaneous sale and purchase by Sun Trust. Dan Flaherty seconded the motion, approved by the Trustees 5-0.

9:47 AM Christine Paz entered the meeting.

Mr. Chambers reported the market had the worst 4th quarter since the 1930's. He said that the convertible bonds allocation lost only a 1/3 of equities losses. Private Real Estate fared well and Cohen & Steers Infrastructure was only down 1.3%. High yield did well in comparison to equities. Mr. Chambers explained that the Plan is running a little more conservative than other defined benefit plans. He reviewed the investments for the quarter ending September 30 2018 the fund earned \$359K or 2.7% (+2.6% net) ahead of the strategic model (+2.5%). The top three categories were: large-cap core (+7.7%), mid-cap (+4.7%) and small cap (+3.2%).

Mr. Chambers reviewed the fiscal year numbers for the one year period, the Fund earned \$853K or +6.7% (+6.2% net) in line with the strategic model at (+6.4%). The top five categories were: Large-Cap Core (+17.9%), Mid-Cap (+13.5%), Convertibles (+10.1%), and Small-Cap (+8.1%) and Private Real Estate (+8.0%). The bond substitute, MEPT Private Real Estate program beat the core fixed income by a wide margin (+8.0% versus -0.4%). The high yield bond product (+2.4%) boosted overall fixed-income results to +0.2% for the year. Mr. Chambers continued with a review of the individual products in the Plan and his view of market trends.

Mr. Chambers did not recommend any changes to the current asset allocation. He discussed rebalancing when the market settles down as the Plan positioned well for the next quarter. Mr. Chambers said that he would stay the course.

FINANCIAL REPORT

Christine Paz presented the Board with the Interim Financial Statement through September 30 2018 for review. She summarized the Banking Report for the quarter and the activity for the Plan. Several members will be entering the DROP in the next few months and one member is going to retire. Two Trustees will attend the FPPTA Trustee School in February. A transfer of \$415K was transferred to reduce the balance; as anything over \$300K should be moved quarterly.

BENEFIT REPORT

Christine Paz presented the Board with the benefit approvals. She provided estimated calculations for the Trustees to review. Ms. Jensen stated that the Board must also approve the final benefit amounts.

Dan Flaherty made a motion to approve the retirement requests. Carlos Villanueva seconded the motion, approved by the Trustees 5-0.

ATTORNEY REPORT

Ms. Jensen addressed the State requirement for the Board to designate a Records Management Liaison Officer (RMLO) and adopt a records retention schedule.

Frank Amandro made a motion to approve Resolution 2018-001 appointing Pension Resource Centers, LLC as RMLO and adopt the Local Government Agency records retention schedule. Carlos Villanueva seconded the motion, approved by the Trustees 5-0.

Ms. Jensen informed the Board that the new IRS requirements required a change to the Special Tax Notice. She discussed the purpose and the changes which affect refunds of contributions and distributions from the DROP. The changes are included in the updated Special Tax Notice which is a needed resource for those members leaving the Plan. Ms. Jensen discussed the City requesting identification before anyone attends the Pension Board meeting. She reiterated that the meeting is a public meeting and all are welcomed.

ADMINISTRATIVE REPORT

Ms. Tintle presented the Board with a list of upcoming conferences for 2019.

OTHER BUSINESS

The Trustees discussed the DROP earnings method which offers a variable rate of return based on the Plan's investment return and the option to invest in the Vanguard Prime Money Market Fund. The Board discussed most efficient way to distribute the updated Summary Plan Description (SPD). One suggestion was to use PowerDMS, policy management software, to be able to ensure every member receives a copy of the updated SPD that requires a signature. The Board discussed the need for members to have a designation of beneficiary form with their pension records. The form will be available on the Resource Centers website and included with the distribution of forms for retirement or DROP. Ms. Jensen added that members should update their beneficiary forms annually to assure they are up to date.

Frank Amandro made a motion to approve the Summary Plan Description. Carlos Diaz seconded the motion, approved by the Trustees 5-0.

Trustee Frank Amandro will be retiring in January of 2019 so he must leave the Board. He is amenable to serving another term in another Trustee position in the future. The Board will begin an election prior to the March 21st meeting. A discussion ensued on possible nominees for the Trustee's replacement.

There being no further business and the next meeting being scheduled for March 21, 2019 the meeting adjourned at 10:28 AM

Respectfully submitted,
