

**CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
MARCH 21, 2019**

A quarterly meeting of the Board of Trustees was called to order by John Schramm on March 21, 2019 at 9:30 AM in the Conference Room on the second floor located at the Fort Pierce City Hall, Fort Pierce, Florida.

TRUSTEES PRESENT

John Schramm
Carlos Diaz
Carlos Villanueva

OTHERS PRESENT

Bonni Jensen, Klausner Kaufman Jensen & Levinson
Kyle Tintle, Resource Centers
Peter Strong, Gabriel, Roeder, Smith & Co
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 December 20, 2018.

Carlos Villanueva made a motion to approve the minutes of the meeting held on December 20, 2018. Carlos Diaz seconded the motion, approved by the Trustees 3-0.

ACTUARY'S REPORT & PRESENTATION OF THE 2018 ACTUARIAL VALUATION

Mr. Strong, of Gabriel, Roeder, Smith & Co., appeared before the Board to present the 2018 Actuarial Valuation. Included in the report is the Annual Employer Contribution for the Fiscal Year Ending September 30, 2019. The Chapter 185 premium tax receipts received for fiscal year end was \$367,113 on September 30, 2018 versus the prior fiscal year amount of \$329,933.

The City's total contribution requirements increased to 10.16% of payroll on October 1, 2018 compared to 9.80% of payroll from the previous year. The balance of the excess contribution reserve with interest, increased to \$575,247 as of September 30, 2018, compared to \$375,688 in 2017. The excess of \$166,293 was added to the excess contribution reserve. The Plan had a net experience loss of \$65,497, which was less favorable than expected, resulting from losses of the investment returns. The losses were offset by lower than expected salary increases, fewer than expected retirements. The funded ratio was 91.9% versus the previous year's 91.8%. If the Plan used market value as the basis for the valuation the total contribution rate would have been 10.19% and the funded ratio would have been 91.7%. The funded ratio on a market value basis was 91.5% last year.

Christine Paz entered the meeting at 9:49 AM.

Carlos Diaz made a motion to Actuarial Valuation as of October 1, 2018. Carlos Villanueva seconded the motion, approved by the Trustees 3-0.

Mr. Strong discussed lowering the investment return assumption, as 7.25% is at the high end of the range. Based on the Plan's current portfolio, he recommended an assumption in the range of 6.25% to 6.75%. A discussion ensued on changing the investment return assumption rate and the best way to implement the change.

Carlos Diaz made a motion 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 3-0.

Carlos Villanueva made a motion to lower next year's investment rate assumption to 7.0% based on the recommendation of the Actuary and the Investment consultant. Carlos Diaz seconded the motion, approved by the Trustees 3-0.

Carlos Diaz made a motion to apply the excess, based on earnings for fiscal year 2020 to the unfunded liability. Carlos Villanueva seconded the motion, approved by the Trustees 3-0.

Ms. Tintle will submit the Declaration of Return Letter to the Division of Retirement on behalf of the Plan.

FINANCIAL REPORT

Christine Paz presented the Board with the Interim Financial Statement through March 30, 2019 for review. She summarized the Banking Report for the quarter and the activity for the Plan. Ms. Paz reported that Elizabeth Lewis received a refund of her contributions in the amount of \$14,162.44. She noted that Trustee Carlos Diaz and Chairman John Schramm each needed 1 more session to become CPPT certified upon successful completion of the advanced exam.

BENEFIT REPORT

Christine Paz presented the Board with the benefit approvals. She provided the final retirement calculations for Frank Amandro and Christopher Bender for the Trustees to review. Three members: John Schramm, Donald Christman and Tyrone Campbell entered the DROP in the past quarter. The motion to ratify John Schramm entering the DROP will need to be tabled to the next meeting due to a lack of a quorum with John abstaining.

Carlos Diaz made a motion to approve the retirement for Frank Amandro and Christopher Bender. Carlos Villanueva seconded the motion, approved by the Trustees 3-0.

A discussion ensued in reference to the production of the DROP statements. Ms. Paz proposed inviting a representative from ICMA to the next quarterly meeting to see if they could assume the responsibility of producing the DROP statements. ICMA's fees were originally viewed as prohibitive however, if the cost of the statements could be incorporated with the total spending of the City.

Carlos Diaz made a motion to approve Donald Christman and Tyrone Campbell's request to enter the DROP. Carlos Villanueva seconded the motion, approved by the Trustees 3-0.

INVESTMENT CONSULTANT REPORT

Mr. Chambers presented the investment performance report for the period ending December 31, 2018. The market value of the fund at the end of the first quarter was \$13,262,036. He reviewed the performance of the various investments for the quarter, 1 year, 3 and 4 year returns. Mr. Chambers described the vehicles in place that provide safety in the downturn market which performed as expected.

He reviewed the investments for the fund had a market-based loss of \$1.2 million or -8.0% (-8.1 net) but ranked in the 42nd percentile. Other Plans lost as much as 10% that have a higher investment in equities. For the one-year period, the Fund has had an investment loss of \$652K or -4.4% (-4.9% net) and ranked around the median defined benefit plans. The top three categories were: private real estate (+1.8%), fixed income (+1.4%), and money market (+0.6%). The Investment Policy equity target remains at 63.0%, while the actual was 67.9% at the end of the quarter. This resulted in an exceptional performance through February 25, 2019. The results were ahead of the strategic model since January 1, 2019. Mr. Chambers informed the Trustees that the State Monies were received and put to work on October 2018. His expectation is that the Fund will reach the 7.25% assumption for the fiscal year with the projections of the upcoming quarters.

ATTORNEY REPORT

Ms. Jensen provided several memorandums to the Board. She began with the memo covering the Division of Retirement recently released comparative data report to the Florida Legislature. Ms. Jensen highlighted the various sections of the Report and noted the breakdown of investment return assumptions of Florida municipal plans. She mentioned some plans in the state are reducing their rates of return. Ms. Jensen updated the Board on the Internal Revenue Service (IRS) standard mileage rate for 2019. The memo details the new mileage rate of 58 cents per mile which is up 3.5 cents from last year. Ms. Jensen covered the nuances of House Bill 265 in detail. She outlined the legislative procedural requirements for the proposed Open Meeting Law for: publication, emergency meetings, physical copies, fines/fees, public participation, Board response, and public participation form. A discussion ensued on the challenges to compliance. Ms. Jensen reviewed the proposed Senate Bill 426 and House Bill 857 addressing certain benefits to firefighters in regard to in-the-line-of-duty cancer presumptions. She outlined Florida Statue 709 governing Power of Attorney (POA) requiring the Boards to confirm the validity of a POA prior to disclosing information or taking action. Ms. Jensen presented a memo addressing the exemptions to Florida's Public Records Law for Police and Firefighters' personal information. She reviewed the checklist of items to be redacted within a public record prior to dissemination.

ADMINISTRATIVE REPORT

Ms. Tintle reported on the trades that were settled in the past quarter per the Boards direction. The simultaneous trades of Vanguard MidCap and Vanguard REIT for Fidelity MidCap and Fidelity REIT were processed. The ishares S&P 500 is an EFT, which requires a three day settlement, was sold and a purchase order was placed, when the funds were available, for Fidelity 500 Index Fund.

OTHER BUSINESS

Ms. Paz updated the Board on the progress of the annual report. She is replying to the questions and supplying the requested information for the State Report. Mr. Chambers informed the Board of the banking merger. The Plan's custodian SunTrust is merging with BB&T to become the 6th largest bank in the United States. The details of how the merger will affect the Plan will be forthcoming.

There being no further business and the next meeting being scheduled for June 20, 2019 the meeting adjourned at 11:24 AM

Respectfully submitted,
