

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
JUNE 18, 2020

A quarterly meeting of the Board of Trustees was called to order by John Schramm on June 18, 2020 at 9:30 AM via Ring Central Remote Video Conference.

TRUSTEES PRESENT

John Schramm
Carlos Villanueva
Daniel Flaherty
Brian MacNaught
Carlos Diaz (9:45 AM)

OTHERS PRESENT

Bonni Jensen, Klausner Kaufman Jensen & Levinson
Scott Baur and Kyle Tintle, Resource Centers
Pete Strong, Gabriel, Roeder, Smith & Company
Burgess Chambers, Burgess Chambers & Associates
Christine Paz, City of Ft. Pierce

Ms. Jensen presented the Board with an Administrative Policy Governing Virtual Meetings for review and discussion. The policy covers the use of audio-visual conferencing or teleconferencing to conduct virtual public Board of Trustee meetings. She reviewed the background, the Governor's Executive Orders, and how the virtual meetings are to be noticed. Ms. Jensen referred to Governor DeSantis' extended declaration of emergency in Florida through July 7, 2020 with Executive Order 20-114 which allows Pension Boards of Trustees to meet virtually. After a brief discussion, a motion was made.

Carlos Villanueva made a motion to approve the Administrative Policy Governing Virtual Meetings. Daniel Flaherty seconded the motion, approved by the Trustees 4-0.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the quarterly and special meetings held on December 19, 2019.

Dan Flaherty made a motion to approve both the quarterly meeting minutes held on December 19, 2019. Carlos Villanueva seconded the motion, approved by the Trustees 4-0.

ACTUARY'S REPORT & PRESENTATION OF THE 2019 ACTUARIAL VALUATION

Mr. Strong, of Gabriel, Roeder, Smith & Co., appeared before the Board to present the 2019 Actuarial Valuation. Included in the report is the Annual Employer Contribution for the Fiscal Year Ending September 30, 2020. The Chapter 185 premium tax receipts received for fiscal year end was \$402,063 on September 30, 2019 versus the prior fiscal year amount of \$367,113.

The City's total contribution requirement was \$256,925 on October 1, 2019. The balance of the excess contribution reserve with interest, increased to \$767,352 compared to \$575,247 as of September 30, 2018. The excess of \$145,138 was added to the excess contribution reserve. Beginning October 1, 2019 future excess contributions will be used to reduce the Unfunded Actuarial Accrued Liability (UAAL) is fully paid off. The investment return has been changed to 7% from 7.25%. The Plan had a net experience loss for the year of \$546,291, which means the actuarial experience was less favorable than expected. The experience loss was primarily due to higher than expected salary increases and an increase in expected disabilities (expected 0 versus actual 1). If the Plan used market value as the basis for the valuation the total contribution rate would have been 10.95% and the funded ratio would have been 87.7%. The funded ratio on a market value basis was 91.7% last year.

Daniel Flaherty made a motion to approve the Actuarial Valuation as of October 1, 2019. Carlos Diaz seconded the motion, approved by the Trustees 5-0.

Daniel Flaherty made a motion based on the advice of the Investment consultant; the Board expects to get a 7% return for the next year, the next several years, and for the long term thereafter. Brian MacNaught seconded the motion, approved by the Trustees 5-0.

INVESTMENT CONSULTANT REPORT

Mr. Chambers began with a brief discussion was held in reference to the returns on the portfolio in time of COVID 19. The market was down about 15% in December; April – May the Plan earned about 13%; as of June 2020 the returns were about 3%; there is one more quarter to make up for the losses as the experts are hoping for a strong final quarter.

Mr. Chambers reported the Pension Fund had a market-based loss of \$2.4 million or -15.3% due to a slight overweight in equities. The fiscal year to date, the Fund was down -11.1%, however the strong April/May quarter the results were closer to +0.73%. The quarter ended an ending market value of \$13,366,429. He reviewed the asset allocation noting they were all within target being underweight on bonds. Mr. Chamber noted the Federal Reserve is now buying corporate bonds for the first time in history.

FINANCIAL REPORT

Ms. Paz presented the Financial Report to the Board. The cash balance is currently \$475,171.36 and \$300,000 will be moving over to CS McKee for investing. She listed the members which retired, received refunds of their contributions, or were set up to receive survivor benefits. Ms. Paz informed the Board two members were entering the DROP: Charles Davis on 01/01/2020 and Steven Griffith on 03/01/2020.

Daniel Flaherty made a motion to approve the retirement and refund of contributions as presented today, June 18, 2020. Brian MacNaught seconded the motion, approved by the Trustees 5-0.

Daniel Flaherty made a motion to approve member Charles Davis entering the DROP. Brian MacNaught seconded the motion, approved by the Trustees 5-0.

Daniel Flaherty made a motion to approve member Steven Griffith entering the DROP. Carlos Villanueva seconded the motion, approved by the Trustees 5-0.

ATTORNEY REPORT

Ms. Jensen updated the Trustees on a proposed Bill, which would add fiduciary standards for local officers and appointed public officials that did not pass in the legislative's session. She informed the Board of the changes to the Florida Notary Public Law which now permits remote online notarizations. Ms. Jensen will be providing update forms to the Administrator which includes remote notarization. She referred to the memo in the meeting packet updating the IRS mileage rate for 2020 which is 57.5 cents per mile, down one half a cent from last year. Ms. Jensen is requesting discretion to add tax changes by policy in regard to Internal Revenue Service (IRS) Code changes. She has prepared an ordinance for review by the City so appropriate changes could be made to the Plan in order to maintain the Plan's tax qualified status in light of the number and frequency of IRS Code changes.

Daniel Flaherty made a motion to forward the proposed Ordinance to adopt the required tax changes by policy to keep the Plan in compliance with the IRS Code. Brian MacNaught seconded the motion, approved by the Trustees 5-0.

Ms. Jensen covered the impact of the CARES Act on government and private pension plans. She reminded the Trustees it is time for the Form 1 filing is due by July 1, 2020 to the Supervisor of Election in the county in which the Trustee resides. Ms. Jensen encouraged the Trustees to keep the receipt they receive when they turn in their Form 1 so there are no questions.

ADMINISTRATIVE REPORT

Mr. Baur discussed how the Resource Centers continues to work remotely and looking forward to the next step perhaps with a combination of electronic and physical meetings. He presented the Annual Administrative Budget for the Boards review. The first column is the actual costs in fiscal year 2019 and the column at the right is the projected 2020-2021 Administrative Budget.

Daniel Flaherty made a motion to approve the Administrative Budget for 20-21. Carlos Diaz seconded the motion, approved by the Trustees 5-0.

OTHER BUSINESS

John Schramm raised the question should Trustees be required to obtain CPPT Certification? Ms. Jensen explained Trustee education is addressed in the Investment Policy Statement and Trustees are encouraged to pursue educational opportunities but not require. She will have a draft memo prepare for the next meeting in coordination with Burgess Chambers.

John Schramm will be exiting employment before the next Board meeting and Brian MacNaught will be handling the election of the open seat on the Board. John Schramm gave some closing remarks on his time on the Board and serving as Chair of the Board, as he resigns his position.

Daniel Flaherty made a motion to nominate Brian MacNaught as the new Chair of the Board. Carlos Diaz seconded the motion, approved by the Trustees 4-0.

Ms. Jensen thanked John Schramm for his service on behalf of the Board.

PUBLIC COMMENTS

No Public Comment.

There being no further business and the next meeting being scheduled for Thursday, September 17, 2020 the meeting adjourned at 11:01 AM

Respectfully submitted,
