

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF MEETING HELD
December 16, 2021

A quarterly meeting of the Board of Trustees was called to order by on December 16, 2021 at 9:34 AM. Brian MacNaught called roll and a quorum was present.

TRUSTEES PRESENT

Brian MacNaught, Chair
Daniel Flaherty, Secretary
Frank Amandro

OTHERS PRESENT

Bonni Jensen, Klausner Kaufman Jensen & Levinson (via Zoom)
Scott Baur and Kyle Tintle, Resource Centers
Burgess Chambers and Richard Snyder, Burgess Chambers & Associates
Karen Logue, City of Ft. Pierce, Finance
Peter Strong, GRS (Via Zoom)

There were no extraordinary circumstances. No Trustees attended remotely. Chair Brian MacNaught call roll. Mr. Baur requested a reorder of the agenda and all agreed.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the quarterly meeting held on September 16, 2021.

Brian MacNaught made a motion to approve the quarterly meeting minutes held on September 16, 2021. Frank Amandro seconded the motion, approved by the Trustees 3-0.

ACTUARY

Mr. Strong came before the Board to recommend lowering the assumed rate of return to 6.75% down from the current 7% as of 10/01/2021. He explained the returns have had a really good run for the past year and a half but there is an increase of downward pressure. Currently, the market value of the funded ratio is over 100%. Mr. Strong continued now is a perfect time to lower the rate of returns with the higher than normal gains. The market values of assets are smoothed over a four year period which will be able to offset the cost of lowering the rate of returns. The economic bad news forecasts contain the downward pressure on returns and growth, inflation, and supply chain issues. Mr. Chambers requested a written analysis of the projections for the Board members to reviewed and add to the Plan records to support the lowering of the rate of return. Mr. Strong reviewed the multiple sources for his recommendation to lower the expected rate of return, including the 12 different actuary's compiled data and the Florida Retirement System (FRS) recommendation for plans to lower rates from 7.0% to 6.7%. He will provide the data requested to the Board shortly after the meeting. A brief discussion was held on the prudent decision.

Frank Amandro made a motion to approve the lowering the expected rate of return to 6.75% as of October 1, 2021. Daniel Flaherty seconded the motion, approved by the Trustees 3-0.

ATTORNEY REPORT

Ms. Jensen updated the Board on the pending COVID presumption, State House Bill 117, which is slated to go through 3 committees. She was glad to know there would at least be discussion on adding a provision for COVID. Ms. Jensen was not hearing of any strong objections on the topic. She reviewed the Federal Disability benefits for COVID which will apply until 12/31/2023 or until the end of the pandemic. Ms. Jensen will monitor the results of both the state and federal bills and will inform the Board of any changes.

INVESTMENT CONSULTANT REPORT

Mr. Chambers introduced Richard Snyder, a Senior Consultant with over 24 years of experience in institutional retirement investments planning at Burgess Chambers & Associates. He presented the investment returns for the quarter beginning with an overview of the current economic environment: increased consumer demands, product shortages, transportation supply chain issues compounded by labor shortages and their impact on the markets. The returns for the quarter, the Fund earned \$9,000 or +0.2% (+0.1% net) for the period ending September 30, 2021 and ranked in the top 35th percentile. The top performers were: MEPT real estate earned (+6.5%), FMI common stock (+0.7%), Fidelity large-cap core (+0.7%) and Fidelity REIT (+0.7%). Mr. Chambers covered the numbers for one, three, five years, and the since inception numbers of the portfolio. For the three-year period, the Fund earned \$5.0 million of +10.4% net per year compared to the model at 10.7% and ranked in the 41st percentile. In September, the C.S. McKee (CSM) separately managed account was converted to a lower cost mutual fund, sub-advised by CSM. Mr. Chambers reported the private real estate program (MEPT) earned +14.0% (+13.0% net) for the year, reflecting a strengthening commercial real estate market and rising prices. The Fund was brought back in line with investment targets with a rebalancing and the cash infusion of the premium tax distribution from the State of \$435,343 received on September 1, 2021.

Mr. Chambers reminded the Board of their instruction to CSM to stop reinvesting dividend in June 2020. He is recommending reestablishing the dividend reinvesting program with CSM. There has been a big boost in replacement cost for commercial real estate market and shoppers have returned to the malls. A motion was held after a brief discussion.

Frank Amandro made a motion to approve reinstating the dividend reinvestment for the MEPT. Daniel Flaherty seconded the motion, approved by the Trustees 3-0.

ADMINISTRATOR REPORT

Ms. Tintle informed the Board that Mark Woodruff's calculation was processed and will be added to his file as a vested deferred member. She reminded the Board of the FPPT Winter Trustee School happening in January 2022 to register and make hotel reservations soon to take advantage of the discounts available.

BANKING REPORT

Ms. Logue represented the City to review the quarterly banking report. She covered the income, expenses, and investments through the end of the fiscal year, September 30, 2021. Ms. Logue reviewed the 10 employees in the DROP. She and the finance department are focusing on completing the annual financial report.

Brian MacNaught commented he has noticed more and more members entering the DROP and wondered if the Board should be concerned and does it negatively impact the plan? Daniel Flaherty sensed the members' entering the DROP was cyclical. Mr. Strong explained the actuaries take member movement into account and it is not going to make a difference to the plan. Ms. Jensen remarked the idea of the DROP is a 5-year management tool used as a succession tool. Management can see the future openings in personal as the members enter the DROP.

OTHER BUSINESS

There was no other business.

PUBLIC COMMENTS

No Public Comment.

A request was made by Daniel Flaherty to have Robert Rossi of C.S. McKee attend the next board meeting to review the investment held by his firm. Mr. Chambers will arrange for him to attend the March 2022 meeting.

There being no further business and the next meeting being scheduled for Thursday, March 17, 2022 at 9:30 AM. The meeting adjourned at 10:32 AM by Brian MacNaught, Chair.

Respectfully submitted,
