

# **TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND**

## **MINUTES OF MEETING HELD**

**February 8, 2021**

Chairman Marc Dobin called the electronic meeting to order at 10:04 A.M. Those persons present were:

### **TRUSTEES PRESENT**

Marc Dobin  
Jason Alexandre  
Michael Salvemini  
Michael Stevens  
Nick Scopelitis

### **OTHERS PRESENT**

Margie Adcock, Pension Resource Center  
Ken Harrison, Sugarman & Susskind P.A.  
Chad Little, Frieman Little Actuaries  
Burgess Chambers, Burgess Chambers & Associates  
Michael Villella; Town of Jupiter  
Scott Reynolds; Town of Jupiter  
Eric Levinthal; KSDT

### **APPROVAL OF MINUTES**

The Trustees reviewed the minutes of the meeting held December 14, 2020.

- Michael Stevens made a motion to approve the December 14, 2020 minutes. The motion received a second by Nick Scopelitis and was approved by the Trustees 5-0.

### **INVESTMENT CONSULTANT REPORT – BURGESS CHAMBERS & ASSOCIATES (BURGESS CHAMBERS)**

Burgess Chambers appeared before the Board. He provided an overview of the market environment. He reviewed the market for the quarter ending December 31, 2020. He stated that the Fund was in the top 25th percentile. The total market value of the Fund as of December 31, 2020 was \$99,970,367. The total Fund was up 11.4% net of fees for the quarter ending December 31, 2020 while the benchmark was up 10.8%. Total equities were up 17.3%; domestic equities were up 16.7%; large cap infrastructure was up 6.8%; convertibles were up 22.0%; international equity was up 20.0%; REITs were up 12.9%; private real estate was up 1.1%; and fixed income was up .5%. Mr. Chambers discussed convertible bonds noting that the largest holding was Tesla. At one point Tesla was 20% of the index. Even though it is a bond product, it has an equity portion built in which is the source of the performance. Eagle was the second best performer followed by EuroPacific. He discussed Eagle and Polen, the two active managers that have complementary products that are index based. Mr. Chambers stated that he is less and less concerned with American Realty. They do not have any traditional box retail store exposure. They have a lot of strength in industrial and multi-family properties. Overall they are hanging in there pretty well. He thinks they have an excellent program at this time. There was discussion on CS McKee. It was noted that they are the obvious lagger in rankings in the portfolio. Mr. Chambers stated that the band is so tight that there is only a ten basis point difference between quartiles. He does not recommend any changes here. The last couple of years they have had a more risk adverse approach.

- Michael Salvemini made a motion to accept the Investment Monitor's Report. The motion received a second by Michael Stevens and was approved by the Trustees 5-0.

### **OTHER REPORTS**

It was noted PomTrack and Robbins Geller monitoring reports were in the Trustee packets for informational purposes and there were no recommendations for action.

### **2020 AUDITED FINANCIAL STATEMENT**

Eric Leventhal of Kabat Schertzer De La Torre & Taraboulos appeared before the Board. He presented the Annual Audit as of September 30, 2020. He stated that they were issuing a clean unmodified opinion. He reviewed Management's Discussion and Analysis. He reviewed the

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Statement of Net Fiduciary Position as of September 30, 2020. The total assets were \$90,631,592 with most of the money in investments. Total liabilities were \$304,819. Total net position restricted for pensions was \$90,326,773, with \$81,052,314 restricted for defined benefits, \$8,569,033 restricted for DROP benefits and \$705,426 restricted for Share benefits. Mr. Leventhal reviewed the Statement of Changes in Net Fiduciary Position. He stated that there were total additions of \$12,587,826 and total deductions of \$3,125,267 leaving an increase in the Plan net position of \$9,462,559.

Mr. Leventhal reviewed the schedule of investment and administrative expenses. He stated that there were no substantive changes to any of the disclosures. He stated that he found no significant internal control issues. He received full cooperation from management and the service providers. There were no significant deficiencies or material weaknesses. Mr. Leventhal commented on the new E-Verify requirement, noting that the Attorney would be discussing that more under this report. He stated that KSDT is part of the E-Verify system.

- Jason Alexandre made a motion to approve the 2020 Audited Financial Statement as presented. The motion received a second by Nick Scopelitis and was approved by the Trustees 5-0.

Mr. Leventhal presented the Management Representation Letter.

- Nick Scopelitis made a motion to authorize the Chair to sign the Management Representation Letter. The motion received a second by Michael Stevens and was approved by the Trustees 5-0.

Eric Leventhal departed the meeting.

### **ATTORNEY REPORT**

It was noted that the Ordinance Amendment for compliance with the SECURE Act was passed by the Town in January. The Board was provided with a final copy of the Ordinance.

Mr. Harrison provided the Board with a proposed Ordinance Amendment to allow a beneficiary to maintain a DROP Account of a deceased member as directed at the last meeting. The Board reviewed the proposed Ordinance Amendment. He stated that an impact statement will be needed before sending it to the Town.

- Jason Alexandre made a motion to approve the proposed Ordinance Amendment to allow a beneficiary to maintain the DROP Account of a deceased member. The motion received a second by Michael Salvemini and was approved by the Trustees 5-0.

Mr. Harrison provided a Special Report regarding Florida's E-Verify Law. He stated that the law became effective January 1, 2021. It requires all public employers to register with the E-Verify System which is a federal system that verifies all employees of a public employer. He stated that even though the Fund does not have any employees, it is still considered a public employer. In addition to requiring the Fund to register as a public entity, it also requires vendors to register, and future agreements to have a provision in the contract related to E-Verify.

- Jason Alexandre made a motion to authorize a letter to be sent to the Fund's service providers. The motion received a second by Nick Scopelitis and was approved by the Trustees 5-0.

Mr. Harrison discussed pending legislation that would close the FRS defined benefit plan for new employees. All new members would be enrolled in the FRS investment plan. He stated that he would continue to monitor this legislation.

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### **ACTUARY REPORT**

2020 ACTUARIAL VALUATION REPORT: Chad Little appeared before the Board. He presented the Actuarial Valuation as of October 1, 2020. This Valuation determines the minimum funding requirements for the plan year ending September 30, 2022. He stated that the total employer expected contribution requirement is \$3,208,413. With the expected State contribution of \$611,245, the Town's contribution decreased from \$2,661,412 in the last Valuation to \$2,597,168. He stated that the funded ratio was 92.04% compared to 89.56% last year. He stated that the Valuation includes reducing of the assumed investment return from 7.3% to 7.2.

Mr. Little reviewed the participant data. Salary increased 8.4% versus the expected increase of 8.0%. He noted that he made an adjustment due to the COVID pay that was given to the employees during the year. He stated that the extra pay increased the reported pay for one year. He stated that he does not want to assume the employees will get this pay going forward so he made an adjustment so he is not inadvertently overstating salaries going forward. The net return on the actuarial value of assets was 8.08% in comparison to the 7.30% assumed rate of return. There was an actuarial gain due to the return on the actuarial value of assets being more than 7.3%. Mr. Little noted that FRS adopted a new mortality table. There were no changes in methods or in Plan provisions. Mr. Little reviewed the historical investment returns since October 1, 1981. It was noted that they are required to include certain examinations of risk in the Valuation. He reviewed the assessment and disclosure of risks. Mr. Little reviewed the historical asset values.

Mr. Little reviewed the DROP reconciliation. It was noted that 10% of the Fund is in the DROP. As more members enter the DROP it will become a larger piece of the Fund's assets. Mr. Little reviewed the Share Account balances and stated that they are growing and becoming a larger part of the Fund as well. He noted that there were a couple members that were previously coded as terminated but were actually on military leave. He stated that those members are not working but are still to be considered active. They should have been considered active in the previous Valuation as well. He stated that he discussed the matter with Mr. Harrison and those members should have received their Share allocation. As such, he restated the Share balances as of September 30, 2019. From the Fund's perspective the total liability is unchanged. Mr. Little reviewed the reconciliation of the funded status. He reviewed the historical contributions and benefit payments. He reviewed the amortization of the unfunded accrued liability. He reviewed the reconciliation of change in the Town's minimum required contribution.

There was further discussion on the Share Account balances. The employees balances are a little less to allow for the additional members that were on military leave. It was noted that about 3 or 4 members were already paid out their Share Account balances and they might have received about \$15 too much. Mr. Harrison stated that when someone is on military leave the Town treats them as a vested terminated employee. As long as they are treated this way there will always be this problem. Mr. Little stated that as long as he knows they are on military leave he can project the liability. It was noted that the Administrator and the Actuary will work with the Town to make sure that those employees on military leave are noted.

- Michael Stevens made a motion to approve the Actuarial Valuation as of October 1, 2020. The motion received a second by Jay Alexandre and was approved by the Trustees 5-0.

It was noted that the DROP Statements as of October 1, 2020 have been completed and have been uploaded to the website for the members. There was discussion on the timing for completion of the DROP Statements, noting that the Board would like them to be completed as soon as possible after the end of the fiscal year. Mr. Little stated that due to the way the contributions are credited, manual adjustments need to be made to determine how much of the contributions are included with the defined benefit and how much are included with the DROP. Mr. Little stated that he has had a conversation with the Administrator on how to make the

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process more efficient going forward. He stated that he believes that they have worked out a process and anticipate that they will be able to get the DROP Statements to the members sooner going forward. Mr. Little stated that the only other way to speed the process up would be to consider using clean cutoff dates. Currently the Administrator does the manual work to make sure each member gets exactly what they are supposed to. It is a product of collective bargaining negotiations and there are tools in place to handle the payroll.

### **APPROVAL OF DISBURSEMENTS**

The Disbursement list was presented for consideration.

- Michael Salvemini made a motion to approve the disbursements as presented. The motion received a second from Jason Alexandre and was approved by the Trustees 5-0.

It was noted the financial statement through December 31, 2020 was included in the Trustee packet for review. The Trustees accepted the financial statement.

### **ADMINISTRATIVE REPORT**

**BENEFIT APPROVALS:** Benefit Approvals were presented for consideration.

- Nick Scopelitis made a motion to approve the Benefit Approvals as presented. The motion received a second from Jason Alexandre and was approved by the Trustees 5-0.

**2021 MEETING DATES:** The Board reviewed the final 2021 meeting dates.

**RESOURCE CENTERS SSAE-18 SOC 1 REPORT:** The Board was provided with certification from the Resource Centers that they successfully completed their SSAE 18 SOC 1 Audit as of June 30, 2020.

**UPDATE ON TOWN TRUSTEE APPOINTMENTS:** It was noted that the terms of Marc Dobin and Michael Stevens are due to expire in April. Mr. Stevens advised that he was not seeking re-appointment. The Board thanked Mr. Stevens for his many years of service to the Board. The Board was provided with the information on possible replacements for that Board position. It was noted that there was no action for the Board to take. The Town Council will make the Town appointments at their April meeting.

### **OTHER BUSINESS**

There was no other business.

### **PUBLIC COMMENTS**

Marc Dobin invited members of the public to make comments. There were no public comments.

### **OTHER BUSINESS CONTINUED**

With there being no further business, the meeting adjourned.

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Respectfully submitted,

Jason Alexandre, Secretary